



**CITY OF
LONGVIEW, TEXAS**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FOR THE YEAR ENDED SEPTEMBER 30, 2017

**PREPARED BY THE FINANCE DEPARTMENT
OF THE CITY OF LONGVIEW, TEXAS**

**CITY OF LONGVIEW, TEXAS
TABLE OF CONTENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

| | <u>Page Number</u> |
|---|-------------------------------|
| INTRODUCTORY SECTION | |
| Letter of Transmittal | i |
| Principal Officials | vi |
| Certificate of Achievement for Excellence in Financial Reporting | vii |
| Organizational Chart | viii |
| FINANCIAL SECTION | |
| Independent Auditor's Report | 1 |
| MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) | 4 |
| BASIC FINANCIAL STATEMENTS | |
| Government-Wide Financial Statements | |
| Statement of Net Position | 16 |
| Statement of Activities | 18 |
| Fund Financial Statements | |
| Governmental Fund Financial Statements | |
| Balance Sheet | 20 |
| Statement of Revenues, Expenditures, and Changes in Fund Balances | 22 |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities | 24 |
| Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund | 25 |
| Proprietary Fund Financial Statements | |
| Statement of Net Position | 27 |
| Statement of Revenues, Expenses, and Changes in Net Position | 31 |
| Statement of Cash Flows | 35 |
| Fiduciary Fund Financial Statements | |
| Statement of Fiduciary Net Position | 39 |
| Statement of Changes in Fiduciary Net Position | 40 |
| Notes to the Financial Statements | 41 |

**CITY OF LONGVIEW, TEXAS
TABLE OF CONTENTS
(CONTINUED)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

| | <u>Exhibit Table</u> | <u>Page Number</u> |
|---|--------------------------|------------------------|
| REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED) | | |
| Schedule of Changes in Net Pension Liability and Related Ratios: TMRS | | 83 |
| Schedule of Changes in Net Pension Liability and Related Ratios: Longview Firemen’s Relief and Retirement Fund | | 84 |
| Schedule of Contributions: TMRS | | 85 |
| Schedule of Contributions: Longview Firemen’s Relief and Retirement Fund | | 86 |
| Schedule of Funding Progress: Other Post-Employment Benefits | | 87 |
| COMBINING FUND FINANCIAL STATEMENTS AND SCHEDULES | | |
| Nonmajor Governmental Funds | | |
| Description of Nonmajor Governmental Funds | | 88 |
| Combining Balance Sheet | | 89 |
| Combining Statement of Revenues, Expenditures, and Changes in Fund Balances | | 92 |
| Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual: | | |
| Debt Service Fund | | 95 |
| Capital Projects Fund | | 96 |
| Municipal Court Special Revenue Fund | | 97 |
| Community Development Block Grant Special Revenue Fund | | 98 |
| Transit System Special Revenue Fund | | 99 |
| Police Department Special Revenue Fund | | 100 |
| E-911 Special Revenue Fund | | 101 |
| Hotel Occupancy Tax Special Revenue Fund | | 102 |
| Maude Cobb Activity Special Revenue Fund | | 103 |
| Drainage Sales Tax Special Revenue Fund | | 104 |
| School Crossing Guard Special Revenue Fund | | 105 |
| Special Revenue Grants Fund | | 106 |
| Donations Special Revenue Fund | | 107 |
| Federal Motor Carrier Violations Special Revenue Fund | | 108 |
| Photo Enforcement Program – RedFlex Program | | 109 |
| Cable Franchise Special Revenue Fund | | 110 |
| Convention and Visitors Bureau Special Revenue Fund | | 111 |
| Animal Shelter Donations Special Revenue Fund | | 112 |
| Internal Service Funds | | |
| Description of Internal Service Funds | | 113 |
| Combining Statement of Net Position | | 114 |
| Combining Statement of Revenues, Expenses, and Changes in Net Position | | 116 |
| Combining Statement of Cash Flows | | 118 |
| STATISTICAL SECTION (UNAUDITED) | | |
| Description of Statistical Section | | 122 |
| Net Position by Component | 1 | 123 |
| Changes in Net Position | 2 | 124 |

**CITY OF LONGVIEW, TEXAS
TABLE OF CONTENTS
(CONTINUED)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

STATISTICAL SECTION (UNAUDITED) - (Continued)

| | Exhibit Table | Page Number |
|---|--------------------------|------------------------|
| Fund Balances – Governmental Funds | 3 | 128 |
| Changes in Fund Balances – Governmental Funds | 4 | 129 |
| Assessed Value and Estimated Actual Value of Taxable Property | 5 | 131 |
| Direct and Overlapping Property Tax Rates | 6 | 132 |
| Principal Property Taxpayers | 7 | 133 |
| Property Tax Levies and Collections | 8 | 134 |
| Ratios of Outstanding Debt by Type | 9 | 135 |
| Ratios of General Bonded Debt Outstanding | 10 | 136 |
| Direct and Overlapping Governmental Activities Debt | 11 | 137 |
| Computation of Legal Debt Margin | 12 | 138 |
| Pledged Revenue Coverage | 13 | 139 |
| Demographic and Economic Statistics | 14 | 140 |
| Principal Employers | 15 | 141 |
| Fulltime Equivalent City Government Employees by Function/Program | 16 | 142 |
| Operating Indicators by Function/Program | 17 | 143 |
| Capital Asset Statistics by Function/Program | 18 | 144 |
| Governmental Activities Tax Revenues By Source | 19 | 145 |

GOVERNMENTAL COMPLIANCE SECTION

| | | |
|--|--|-----|
| Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | | 146 |
| Independent Auditor's Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance and the State of Texas Uniform Grant Management Standards | | 147 |
| Schedule of Expenditures of Federal and State Awards | | 149 |
| Notes to Schedule of Expenditures of Federal and State Awards | | 152 |
| Schedule of Findings and Questioned Costs | | 153 |

(This page intentionally left blank)

INTRODUCTORY SECTION

(This page intentionally left blank)



P.O. Box 1952
Longview, Texas 75606-
1952
(903) 237-1000

March 5, 2018

To the Citizens of the City of Longview
Longview, Texas

The Comprehensive Annual Financial Report (CAFR) of the City of Longview, Texas, for the year ended September 30, 2017, is submitted herewith. We believe the information, as presented, is accurate in all material respects, that it is presented in a manner designed to set forth fairly, in all material respects, the financial position and results of operations of the City as measured and reported by the financial activity of its various funds, and that all disclosures necessary to enable the reader to gain an adequate understanding of the City's financial affairs have been included. It is the responsibility of the management of the City to prepare the CAFR.

The Governmental Accounting Standards Board requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the Independent Auditors' Report.

The CAFR includes all the funds of the City, the funds of the Longview Economic Development Corporation (LEDSCO), and the Longview Firemen's Relief and Retirement Fund.

Reflected in this report is the extensive range of services provided by the City of Longview, Texas. These basic services include public safety, streets, recreation and parks, health and welfare, general administrative services, and utility services as well as the activities of LEDSCO and the Longview Firemen's Relief and Retirement.

I believe the report, prepared by the City's Finance Department, based on generally accepted accounting principles, conforms to the standards of governmental accounting and financial reporting principles as promulgated by the Governmental Accounting Standards Board.

ECONOMIC CONDITION AND OUTLOOK

The City of Longview is located in Northeast Texas approximately 60 miles west of Shreveport, Louisiana, 120 miles east of Dallas, and 210 miles north of Houston. Longview serves as the county seat of Gregg County. The Home Rule charter adopted in January 1979 established the Council-Manager form of government with six City Council districts. The Mayor is elected at-large. Longview once was one of the largest known oil fields in the world and the East Texas area continues to have a significant business community that services the energy sector. However, the Longview economy is diversifying with major businesses other than oil and gas whom are contributors to the Longview economy. In fiscal year 1995, mineral values represented 13.7% of the assessed values, while in fiscal year 2017; those values represented less than 1% of the assessed values. Health care distribution, retail, food processing and manufacturing have diversified the economic base for the area.

According to the Federal Reserve Bank of Dallas' February 2018 *Texas Economic Update*, "The Texas economy continues its broad expansion. Texas employment growth accelerated in the fourth quarter and was strong across most metros and industries. The Dallas Fed's Texas Business Outlook Surveys (TBOS) showed notable strength in revenue and production in January, with the three-month moving averages of the headline indexes at levels well above their post-recession averages. However, labor markets continue to tighten, and price pressures are mounting. The Texas economy is benefiting from oil

prices above \$60 per barrel, rising exports, business optimism stemming from the new federal tax law and strength in the U.S. economy. Headwinds include uncertainty about North American Free Trade Agreement renegotiations and a tight labor supply damping the potential for even stronger economic growth going forward.”

Even with the fluctuations in the oil and gas industry, Longview has generally maintained an unemployment rate at or below the state and national averages. In December 2014, the local unemployment rate had dipped to a seven-year low of 3.8%. As lay-offs began in the oil and gas industry, Longview’s unemployment rate climbed to approximately 6.8% by February 2017 but as of December 2017 had dropped back down to 4.3%. As the oil and gas fields slowed, so too did Longview’s sales tax receipts. Throughout the FY2014-2015 year, Longview’s sales tax receipts saw an overall 2.6% decrease as compared to the prior year. Those negative trends continued in the FY 15-16 resulting in a 5.49% decrease in annual sales tax collections. By the end of FY2016-2017, Longview had recovered sales taxes back to FY2015-2016 levels.

MAJOR INITIATIVES

For the Year

For the FY16-17 budget, our goal was to provide necessary services while avoiding the use of general fund balance or tax rate increases. We knew we needed to extend significant budget cuts already achieved at mid-year FY 15-16 as well as make additional budget cuts while at the same time limiting the direct impact to core services, especially public safety. We also had to absorb increasing health care costs and a full year of the newly opened Longview Animal Care and Adoption Center.

After many years of discussion, planning, and construction, the Longview Animal Care and Adoption Center opened in July 2016 as a new animal shelter operated by the City of Longview. Previously, the City of Longview contracted with the Humane Society of Northeast Texas to provide animal sheltering services. Through the facility, the City of Longview provides animal sheltering service via contact with Gregg County, Kilgore, White Oak, and Gladewater. The construction was funded by \$2,500,000 by the City of Longview, \$2,500,000 from Gregg County, and more than \$1,000,000 in donations. The land was provided as a donation from the Humane Society of Northeast Texas.

The FY 2015-2016 budget included start-up and operational costs of the new Animal Services department including net new costs to the budget of approximately \$620,000 for the partial year of services. Thanks to some savings achieved, only an additional \$65,000 was added to the FY 2016-2017 to cover the full year of operations. It will be important for the community to continue to support the operations of the state-of-the-art facility through donations and volunteerism in order to achieve the stated desires of reducing the euthanasia rates and provide better overall care for the local pet population.

The FY 2016-2017 budget includes no changes to the rates for water, sewer, or sanitation services. However, there are some changes to sanitation services to improve efficiency of the automated system and divert recyclable materials from the landfill. Beginning this fiscal year, the Sanitation department began offering a separate yard waste service at no additional charge. The collected materials are composted at the city’s compost site and they resulting mulch and compost are made available to customers at no charge. Rules on trash collection were also tightened to require all trash and recycling be placed within provided carts. Additional carts can be requested for a fee. Customers are also provided four bulky-item collections annually for items that will not fit within the carts.

The ad valorem or property tax rate remained unchanged at 50.99 cents per \$100 valuation. Of that tax rate, 12.99 cents are for debt service and 38.00 cents are for operations and maintenance. The Fiscal Year 2016-2017 certified values increased by \$10,471,667 to a total of \$5,721,147,565, which is a .18% increase in property values from the prior year. The value of the average homesteaded property in Longview increased from \$147,000 in 2015 to \$152,202 in 2016. The tax bill for the average homesteaded property owner is \$776.59, which is a .02% increase from the 2016 bill of \$749.55.

As usual, the largest portion of General Fund expenditures is allocated to personnel with over 70% of the budget in salaries and benefits. In FY 2015-2016, we utilized approximately \$1.8 million of General Fund reserves in order to implement police pay initiatives, animal shelter start-up and first year operations, and comprehensive plan projects. The City was able to incorporate all of those costs as well as accounting for reduced sales tax revenue, all in using a small portion of the general fund reserves.

For the Future

Users of this document as well as others interested in the programs and services offered by the City of Longview are encouraged to read the City's 2017-2018 Fiscal Year Budget. The document details the City's long-term goals and financial policies, describes program accomplishments and initiatives, and outlines the City's capital improvement program. You can find this document conveniently located on the City's website at www.longviewtexas.gov.

The story of the 2017-2018 budget really began a couple years ago. During the Fiscal Year 2015-2016, the City of Longview experienced significant reductions in sales tax and other operating revenues. In response, we began implementing cost cutting by revisited the budget of every department. In total, we cut approximately \$3 million from the general fund budget in 2015-2016 and then maintained most of those cuts in the 2016-2017 budget.

The message of this year's budget is that the City of Longview is weathering the storm of a still recovering economy, but remains financially strong. The FY 2017-2018 budget replaces some of the previous spending cuts, provides for an employee pay increase, and implements a new pay plan for our fire department employees that mirrors the 2015 police department pay plan. The FY 2017-2018 budget does not contain a tax rate increase, does not increase rates for water and wastewater, and does not increase sanitation rates. This budget does include a modest use of surplus reserves to accomplish desired goals; however, the City believes it has sufficient funds available due to savings from previous years.

As usual, the largest portion of General Fund expenditures is allocated to personnel with over 70% of the budget in salaries and benefits. Among the highlights of the general fund this year is the implementation of mid-year across-the-board raises for all employees as well as mid-year adjustments to the Fire Department pay plan. Adjustments to our staff in Development Services was made in order to provide better service to our development community. The City was able to restore the contributions to the vehicle replacement fund, which was an item that was cut two years ago.

The FY 2017-2018 budget meets the short-term and long-term goals established by City Council and City Management. Despite the difficult local economy, the City of Longview continues to be in good financial standing. Within this budget there continues to be special attention given to maintaining core services while remaining fiscally responsible.

LONG-TERM FINANCIAL PLANNING

In March 2015, the City adopted the Longview Comprehensive Plan. The long-term strategic plan serves as a guiding document for the next 15 to 20 years on issues such as future land use, transportation, economic development, parks, neighborhood livability, public facilities, and growth management. The plan was created utilizing community engagement and public input over an 18 month period. The end result is a large list of goals, objectives, and strategies for implementation. With the Longview Comprehensive Plan officially adopted, our challenge is now to put it into action.

The purpose for Longview's Comprehensive Plan is to serve as a flexible guide and living document for both current and future decision-makers. The primary intentions of the Comprehensive Plan include the following:

- Efficient delivery of public services;
- Coordination of public and private investment;
- Minimization of potential land use conflicts;
- Management of growth in an orderly fashion;
- Cost-effective public investments; and
- A rational and reasonable basis for making development decisions about the community.

A comprehensive plan is not a zoning ordinance, but rather it is a high-level tool utilized by the City to make development decisions. As new development applications, zoning requests and other development decisions are made, the Comprehensive Plan helps to safeguard coordinated growth. Determining what land uses are appropriate within Longview, and where such land uses should be located, helps to protect the integrity of the City's neighborhoods and corridors. Ultimately, synchronized land use patterns help to protect private property by maintaining and enhancing value and protecting property from incompatible uses.

You can find this document conveniently located on the City's website at www.longviewtexas.gov.

FINANCIAL INFORMATION MANAGEMENT AND CONTROL

A detailed understanding of the financial position and operating results of the City is provided in the CAFR. Presented below is a brief description of financial information, management of financial resources, obligations and information.

Basis of Accounting

The basis of accounting used determines when revenue and expenditures or expenses are recognized in the accounts and reported in the financial statements. The government-wide financial statements are full accrual basis statements. All governmental funds are accounted for using the modified accrual basis of accounting. Their revenue is recognized when it becomes measurable and available. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. All proprietary funds and Fiduciary Funds are accounted for using the accrual basis of accounting. Their revenue is recognized when it is earned, and their expenses are recognized when they are incurred.

Accounting Systems and Budgetary Control

In developing and evaluating the City's accounting control system, consideration is given to the adequacy of internal accounting controls. Accounting control comprises the plan of organization and the procedures and records concerned with the safeguarding of assets and the reliability of financial records and consequently are designed to provide reasonable assurance that:

- Transactions are executed in accordance with management's general or specific authorization.
- Transactions are recorded as necessary (1) to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria, such as finance-related legal and contractual compliance requirements applicable to such statements, and (2) to maintain accountability for assets.
- Access to assets is permitted only in accordance with management's authorization.
- The recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

The definition of accounting control encompasses reasonable, but not absolute, assurance that the objectives expressed in it will be accomplished by the system. The concept of reasonable assurance recognizes that the cost of internal control should not exceed the benefits expected to be derived. The benefits consist of reductions in the risk of failing to achieve the objectives implicit in the definition of accounting control.

All internal control evaluations occur within the above framework. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

In accordance with the State Law of Texas, the City has formally established budgetary accounting control for its operating funds. Budgetary control is maintained at the departmental level by the encumbrance of estimated purchase amounts before the release of purchase orders to vendors. Purchase orders that result in an overrun of departmental balances are not released until additional appropriations are made available through transfer from other accounts, either by ordinance of City Council or by administrative transfer. Open encumbrances are reported as reservations of fund balances at September 30, 2017.

The City receives resources from other state and federal agencies under a variety of programs. Resources received from the state government are subject to various specified controls and compliance standards and are periodically audited by the State Auditor's General Office. Resources received from federal agencies generally are subject to auditing according to standards established by the Single Audit Act Amendments of 1996 and other directives prepared by the U. S. Office of Management and Budget. Both state and federal audits require that the City design, implement and monitor an internal control structure that satisfies the conditions of each grant. Audit reports prepared by the state and federal governments related to the City's internal control structure and compliance with applicable laws and regulations are not included in the Comprehensive Annual Financial Report, but are available on request.

Debt Administration

A detailed discussion of the City of Longview's outstanding debt is located in the Management and Discussion and Analysis.

OTHER INFORMATION

Independent Audit

State statutes require an annual audit by independent certified public accountants. The accounting firm of Henry & Peters, P. C. was selected by the City Council. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Federal Single Audit Act Amendments of 1996 and related OMB Circular A-133. The auditors' report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the governmental compliance section.

Awards

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended September 30, 2016. This was the twenty-first consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

The preparation of the comprehensive annual financial report was made possible by the dedicated service of the entire staff of the City. Each member of the staff has our sincere appreciation for their contribution made in the preparation of this report. Further, we wish to thank the auditing firm of Henry & Peters, P. C. whose competent assistance made this report possible.

The combined support of the City Manager and members of the Council, who remain committed to fiscal integrity and financial leadership, is also appreciated.

Respectfully submitted,

Angela Coen, CPA
Director of Finance

CITY OF LONGVIEW, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2017

PRINCIPAL OFFICIALS

MAYOR

Andy Mack

CITY COUNCIL

Ed Moore, District 1
Nona Snoddy, District 2
Kasha Williams, District 3
Kristen Ishihara, District 4
David Wright, District 5
Steve Pirtle, District 6

CITY MANAGER

David Willard

FINANCE DIRECTOR

Angela Coen, CPA

WEBSITE

www.longviewtexas.gov



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Longview
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2016

Christopher P. Morill

Executive Director/CEO

Citizens

City Council

City Manager
 David Willard

City Attorney
 Jim Finley

City Secretary
 Shelly Ballenger

Municipal Judge
 Larry Merriman

Assistant City Manager
 Keith Bonds

Media & Tourism
 Shawn Hara

Fire Chief
 J.P. Steelman

Assistant Chief
 Operations
 David Bates

Assistant Chief
 Administration
 Hank Hester

Fire Marshal
 Kevin May

EMS Section
 Chief
 Amy Dodgen

Training Section
 Chief
 Andy Parker

Police Chief
 Mike Bishop

Assistant Chief
 Carlos Samples

Assistant Chief
 Anthony Boone

Public Safety
 Communications
 Matt Ainsworth

**Director of
 Financial Services**
 Angela Coen

Finance
 Kimberly Adams

Purchasing
 Jaye Latch

Utility Customer
 Services
 Willie Marshall

**Director of
 Administration**
 Mary Ann Miller

Human Resources
 Bonnie Hubbard

Risk
 Terri Fields

Information
 Services
 Justin Cure

Municipal Court
 Sally Forbus

**Development
 Services Director**
 Michael Shirley

Assistant Director
 Ingrid Self

Building
 Inspection
 Mark Savasta

Planning & Zoning
 Angela Choy

Metropolitan
 Planning
 Karen Owen

Code Compliance
 Supervisor
 Kenny James

**Community
 Services Director**
 Laura Hill

Assistant Director
 Dietrich Johnson

Partners in
 Prevention
 Holly Fuller

Housing
 Cheteva Marshall

Library
 Jennifer Eldridge

Environmental
 Health
 Leisha Kidd-Brooks

Maude Cobb
 Activity Complex
 Dixie Golden

Animal Shelter
 Shannon DeRosa

**Public Works
 Director**
 Rolin McPhee

Assistant Director
 Dwayne Archer

Wastewater
 Scott Baggett

Water C&D
 Rick Evans

Streets & Drainage
 Elroy Brooks

Water Supply
 Mike Brown

Plant Automation
 Mark Wyche

Traffic Engineer
 Stephen Ha

City Engineer
 Alton Bradley

Facilities
 Kevin Chumbley

Sanitation & Fleet
 David Simmons

**Parks & Recrea-
 tion Director**
 Scott Caron

Operations &
 Maintenance
 Ray Bostick

Recreation
 Seth Pyle

FINANCIAL SECTION



INDEPENDENT AUDITOR’S REPORT

To the Honorable Mayor and
Members of the City Council
City of Longview, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Longview, Texas, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Longview, Texas, as of September 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedule of changes in net pension liability and related ratios, schedule of contributions, and the schedule of funding progress on pages 4-15 and 83-87 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Longview, Texas' basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal and state awards is presented for the purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the State of Texas *Uniform Grant Management Standards*, and is also not a required part of the basic financial statements.

The combining fund and individual nonmajor fund financial statements and the schedule of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal and state awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 1, 2018, on our consideration of City of Longview, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Longview, Texas' internal control over financial reporting and compliance.

Henry & Peters, PC

Longview, Texas
March 1, 2018

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)**

As Management of the City of Longview, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2017. It should be read in conjunction with the accompanying transmittal letter and basic financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the fiscal year ended September 30, 2017, by \$107,016,518 (net position).
- The City's total net position increased by \$1,763,056 for the year ended September 30, 2017. The decrease in net position can be attributed to several factors.
 - Net Pension Liability increased:
 - TMRS increased by \$606,539
 - Fire Pension increased by \$10,649,324
 - Offsetting the Net Pension Liability increase
 - Increased deferred outflows related to pensions of \$2,909,143
 - Decreased deferred inflows related to pensions of \$4,156,062
 - An increase in tax revenue of \$191,576 over the prior year collections was realized.
 - A one-time receipt of \$843,500 for a participation agreement with LEDCO for reimbursement of costs for the George Richey Road project.
 - A decrease in other revenue sources was realized in governmental type activities, such as building permits, franchise taxes, and municipal court fines.
 - Increased cost for police pay initiatives, comprehensive plan projects, and the addition of eleven new positions to operate the new animal shelter.
 - Construction of projects in the Capital Projects fund using funds received in a prior year
 - Prior period adjustment of \$4,747,776 for the dedication of capital assets to the City from LEDCO for the North Business Park public infrastructure. See further explanation in Note 15 within notes to the financial statements.
- As of September 30, 2017, the City's governmental funds reported combined ending fund balances of \$37,380,018, a total decrease of \$9,341,515 in comparison with the prior fiscal year. This decrease was mainly due to the following:
 - Use of fund balance in the General Fund of \$548,173 for police pay initiatives, comprehensive plan projects, and a portion of the cost of operating a new animal shelter.
 - Paid off a 5 year lease early for a fire truck and E911 consoles.
 - A decrease in other revenue sources was recognized in governmental type activities, such as building permits, franchise taxes, and municipal court fines.
 - Completion of street projects funded by general obligation bonds.
 - Additions to The Green, a park project, to enhance the Highway 31 gateway into Longview.
 - Completion of the intersection improvement at Hawkins Parkway and McCann Road.
 - Extension and improvements to the City's hike and bike trail at Guthrie Creek.
 - A police pay initiative was implemented mid-year in FY 2015-16 and fully funded in FY 2016-17.
 - Completion of a "small area plan" for the redevelopment of the Interstate 20 corridor and downtown.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis serves as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. The Statement of Net Position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. The Statement of Net Position combines and consolidates governmental funds' current financial resources (short-term spendable resources) with capital assets and long-term obligations. Other non-financial factors should also be taken into consideration, such as changes in the City's property tax base and the condition of the City's infrastructure (i.e. roads, drainage improvements, storm and sewer lines, etc.), to assess the overall health or financial condition of the City.

The Statement of Activities presents information showing how the City's net position changed during the fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but not used compensated absences). Both the Statement of Net Position and the Statement of Activities are prepared utilizing the accrual basis of accounting.

In the Statement of Net Position and the Statement of Activities, the City is divided into three kinds of activities:

- Governmental activities – Most of the City's basic services are reported here including police, fire, planning, transportation, streets, developmental services, cultural and parks, and general administration.
- Business-type activities – The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water and sewer system, solid waste, and recreation association are reported here.
- Component units – The City includes two types of component units in its report. The Longview Economic Development Corporation is reported as a "discretely presented" component unit in the financial statements. The Longview Firemen's Relief and Retirement Fund and Longview Transit Management, Inc. are reported as "blended" component units in the financial statements. Although legally separate, these component units are important because the City is financially accountable for them. Longview Economic Development Corporation and the Longview Firemen's Relief and Retirement Fund issue separate financial statements which readers may refer to.

The government-wide financial statements can be found on pages 16-19 of this report.

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by state law and by bond covenants. However, the City establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money. The City’s two kinds of funds – governmental and proprietary – use different accounting approaches.

- **Governmental funds** – The majority of the City’s basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method identified as the modified accrual basis of accounting, which measures cash and all other financial assets that can be readily converted into cash. The governmental fund financial statements provide a detailed, short-term view of the City’s general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City’s programs. By comparing information presented for governmental funds with similar information presented for governmental activities in the government-wide statements, readers may better understand the long-term impact of the government’s near-term financing decisions. The relationships or differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds are detailed in a reconciliation following the fund financial statements.

The City maintains 20 individual governmental funds. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, Capital Projects Fund and Debt Service Fund, which are considered to be major funds. Data for the other 17 governmental funds are combined into a single, aggregated non-major fund presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining fund financial statements elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

- **Proprietary funds** – The City charges customers for the services it provides, whether to outside customers or to other units within the City. These services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City’s enterprise funds (a component of proprietary funds) are identical to the business-type activities that are reported in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds. The Internal Service Funds (the other component of proprietary funds) are utilized to report activities that provide supplies and services for the City’s other programs and activities, such as the City’s insurance funds, fleet maintenance, and vehicle replacement functions.

The City maintains three enterprise funds. The City uses enterprise funds to account for its water and sewer services, sanitation services, and recreation services. The funds provide the same type of information as the government-wide financial statements, only in more detail and do not include an allocation of the internal service fund activity. The proprietary fund financial statements provide separate information for the water and sewer and sanitation funds, which are both considered major funds of the City. The Longview Recreation Fund is presented individually, due to there being no other non-major proprietary funds, but is considered a non-major fund. The aggregated internal service balances are also presented within the proprietary fund financial statements.

The City’s basic governmental and proprietary fund financial statements can be found on pages 20-38 of this report.

Reporting the City's Fiduciary Responsibility

The City is the trustee, or fiduciary, for the Longview Firemen's Relief and Retirement Fund. The City's fiduciary activities are reported in a separate Statement of Fiduciary Net Position and Changes in Fiduciary Net Position. The activities of this fund are excluded from the City's government-wide financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in this fund are used for their intended purpose. The basic fiduciary fund financial statements can be found on pages 39-40 of this report.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements on pages 41-82 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits and other post-employment benefits to the employees. Required supplementary information can be found on pages 83-87 of this report.

The combining statements and schedules referred to earlier, in connection with non-major governmental funds and internal service funds, are presented immediately following the required supplemental information. Combining statements and schedules can be found on pages 88-121 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City's combined net position was \$107,016,518 as of September 30, 2017. Analyzing the net position and net expenses of governmental and business-type activities separately, the business-type activities net position is \$82,631,719 and the governmental net position is \$24,384,799. This analysis focuses on the net position (Table 1), changes in general revenues (Table 2), and significant expenses of the City's governmental and business-type activities.

The largest portion of the City's net position, Net Investment in Capital Assets, is reflective of the City's investment in capital assets (e.g. land, buildings, equipment, and infrastructure) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

TABLE 1

CITY OF LONGVIEW'S NET POSITION

| | Governmental Activities | | Business-type Activities | | Totals | |
|--------------------------------------|-------------------------|---------------|--------------------------|---------------|----------------|----------------|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Current and other assets | \$ 50,926,717 | \$ 59,531,572 | \$ 42,565,776 | \$ 38,665,545 | \$ 93,492,493 | \$ 98,197,117 |
| Capital assets | 132,168,946 | 126,884,452 | 96,144,268 | 101,543,860 | 228,313,214 | 228,428,312 |
| Total assets | 183,095,663 | 186,416,024 | 138,710,044 | 140,209,405 | 321,805,707 | 326,625,429 |
| Total Deferred outflows of resources | 23,823,446 | 20,806,294 | 2,403,766 | 3,303,079 | 26,227,212 | 24,109,373 |
| Noncurrent liabilities | 158,314,548 | 145,920,619 | 56,229,339 | 61,677,514 | 214,543,887 | 207,598,133 |
| Other liabilities | 6,891,830 | 14,539,540 | 2,252,752 | 1,801,324 | 9,144,582 | 16,340,864 |
| Total liabilities | 165,206,378 | 160,460,159 | 58,482,091 | 63,478,838 | 223,688,469 | 223,938,997 |
| Total Deferred inflows of resources | 17,327,932 | 21,542,343 | - | - | 17,327,932 | 21,542,343 |
| Net Position | | | | | | |
| Net investment in capital assets | 65,413,522 | 60,872,475 | 45,165,662 | 46,414,194 | 110,579,184 | 107,286,669 |
| Restricted | 9,183,088 | 10,102,718 | 8,405,875 | 8,456,200 | 17,588,963 | 18,558,918 |
| Unrestricted | (50,211,811) | (45,755,377) | 29,060,182 | 25,163,252 | (21,151,629) | (20,592,125) |
| Total net position | \$ 24,384,799 | \$ 25,219,816 | \$ 82,631,719 | \$ 80,033,646 | \$ 107,016,518 | \$ 105,253,462 |

Governmental Activities

The City's general revenues increased by approximately 0.23%, or \$152,407, when compared to the prior year's revenues. The primary reason for this increase was a combination of factors. There was a one-time receipt of \$843,500 for a participation agreement with LEDCO for reimbursement of costs for the George Richey Road project. This receipt was offset by decreased sales tax revenue collections of \$249,101 for 2017 as well as decreased property taxes of \$83,917. Other revenue decreases were in municipal fine collections and permits such as building, engineering and certificates of occupancy.

TABLE 2

CITY OF LONGVIEW'S GENERAL REVENUES

| | Governmental Activities | | Business-type Activities | | Totals | |
|-------|-------------------------|---------------|--------------------------|------------|---------------|---------------|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Taxes | \$ 61,150,202 | \$ 61,341,778 | \$ - | \$ - | \$ 61,150,202 | \$ 61,341,778 |
| Other | 4,041,582 | 3,765,154 | 291,569 | 224,014 | 4,333,151 | 3,989,168 |
| Total | \$ 65,191,784 | \$ 65,106,932 | \$ 291,569 | \$ 224,014 | \$ 65,483,353 | \$ 65,330,946 |

Governmental and business-type activities decreased the City's net position by \$2,984,720, with the governmental resulting in a decrease of \$4,957,589 combined with an increase to business of \$1,972,869. The key elements in this net change are as follows:

Governmental-type Activities

- Sales tax revenues were lower than anticipated due to the effects of the oil and gas industry to the city's economic recovery, as well as franchise revenues, fines and charges for services.
- With the construction of the new animal shelter completed in mid-2016, full operational costs were paid in FY 2016-17. Due to only 6 months of operations last fiscal year the shelter was not fully staffed. This year an additional eleven position were added to the cost of the shelter.
- A police pay initiative was funded in 2016 for half a year in order to improve officer recruitment and retention. This fiscal year, the full cost of this initiative was expended.
- Completion of projects such as streets, replacement of parks equipment, and additions to "The Green" - an entryway improvement and new park construction on Highway 31.
- One-time expenditures for Self-Contained Breathing Apparatus fire equipment and the early payoff of two leases.
- In addition to the current year change noted above, a prior period adjustment of \$4,122,572 was recorded for the dedication of capital assets to the City from LEDCO for the North Business Park public infrastructure. See further explanation in Note 15 within the notes to the financial statements.

Business-type Activities

- The net gain to the business-type activities is due to unanticipated increases in revenues due to average rainfall and increased consumption of services.
- Increased cost of treating water for safe and healthy consumption, the increased cost of delivering the water to homes and businesses, the increased cost of removing, treating and returning the wastewater to the environment according to government regulations, as well as increased costs of capital improvement water projects that are necessary for the current and future needs of our community.
- Continuous water line replacements throughout the City.
- The most significant expenses for sanitation were \$1,720,102 for salaries and benefits and \$1,445,511 for contractual obligations such as landfill charges.
- In addition to the current change noted above, a prior period adjustment of \$625,204 was recorded for the dedication of capital assets to the City from LEDCO for the North Business Park public infrastructure. See further explanation in Note 15 within the notes to the financial statements.

TABLE 3

CITY OF LONGVIEW'S STATEMENT OF ACTIVITIES

| | Governmental Activities | | Business-type Activities | | Totals | |
|--|-------------------------|----------------------|--------------------------|----------------------|-----------------------|-----------------------|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 9,277,412 | \$ 9,871,151 | \$ 39,258,443 | \$ 39,488,774 | \$ 48,535,855 | \$ 49,359,925 |
| Operating grants and contributions | 9,540,496 | 8,902,098 | - | - | 9,540,496 | 8,902,098 |
| Capital grants and contributions | 2,563,848 | 1,661,646 | - | 2,101 | 2,563,848 | 1,663,747 |
| General revenues: | | | | | | |
| Taxes | \$ 61,150,202 | 61,341,778 | - | - | 61,150,202 | 61,341,778 |
| Other | 4,041,582 | 3,765,154 | 291,569 | 224,013 | 4,333,151 | 3,989,167 |
| Total revenues | <u>86,573,540</u> | <u>85,541,827</u> | <u>39,550,012</u> | <u>39,714,888</u> | <u>126,123,552</u> | <u>125,256,715</u> |
| Expenses: | | | | | | |
| General government | 3,137,756 | 3,147,319 | - | - | 3,137,756 | 3,147,319 |
| Public safety | 47,161,034 | 45,840,775 | - | - | 47,161,034 | 45,840,775 |
| Public works | 14,716,963 | 13,701,429 | - | - | 14,716,963 | 13,701,429 |
| Development services | 3,150,995 | 2,968,115 | - | - | 3,150,995 | 2,968,115 |
| Culture and recreation | 10,978,736 | 11,390,434 | - | - | 10,978,736 | 11,390,434 |
| Public transit | 2,166,843 | 2,035,785 | - | - | 2,166,843 | 2,035,785 |
| Public welfare | 7,174,784 | 7,480,963 | - | - | 7,174,784 | 7,480,963 |
| Arts and culture | - | - | - | - | - | - |
| Interest and fiscal | 2,619,992 | 2,958,756 | - | - | 2,619,992 | 2,958,756 |
| Water utilities | - | - | 31,597,150 | 31,528,822 | 31,597,150 | 31,528,822 |
| Sanitation | - | - | 5,622,492 | 5,590,040 | 5,622,492 | 5,590,040 |
| Nonmajor - Longview | | | | | | |
| Recreation | - | - | 357,501 | 297,312 | 357,501 | 297,312 |
| Total expenses | <u>91,107,103</u> | <u>89,523,576</u> | <u>37,577,143</u> | <u>37,416,174</u> | <u>128,684,246</u> | <u>126,939,750</u> |
| Increases in net position before special items and transfers | | | | | | |
| Special Items | (4,533,563) | (3,981,749) | 1,972,869 | 2,298,714 | (2,560,694) | (1,683,035) |
| Transfers | (424,026) | (451,954) | - | 800,679 | (424,026) | 348,725 |
| Transfers | - | - | - | - | - | - |
| Change in net position | (4,957,589) | (4,433,703) | 1,972,869 | 3,099,393 | (2,984,720) | (1,334,310) |
| Net position, beginning | 25,219,816 | 29,653,519 | 80,033,646 | 76,934,253 | 105,253,462 | 106,587,772 |
| Prior period adjustment | 4,122,572 | - | 625,204 | - | 4,747,776 | - |
| Total net position | <u>\$ 24,384,799</u> | <u>\$ 25,219,816</u> | <u>\$ 82,631,719</u> | <u>\$ 80,033,646</u> | <u>\$ 107,016,518</u> | <u>\$ 105,253,462</u> |

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of September 30, 2017, the City had \$228,313,214 (net of accumulated depreciation) invested in a broad range of capital assets, a net decrease \$115,199 from prior year, which includes a net disposal of capital assets of \$4,747,777 and a prior period adjustment for added infrastructure of \$4,862,976. The current year decrease is largely due to a higher volume of asset disposals including police and fire equipment, buildings, park facilities, public transit, roads, water and sewer lines, and drainage improvements.

TABLE 4

CITY OF LONGVIEW'S CAPITAL ASSETS

| | Governmental Activities | | Business-type Activities | | Totals | |
|--------------------------|-------------------------|-----------------------|--------------------------|-----------------------|-----------------------|-----------------------|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Land | \$ 5,528,824 | \$ 5,130,767 | \$ 765,576 | \$ 765,576 | \$ 6,294,400 | \$ 5,896,343 |
| Buildings | 98,648,633 | 97,830,787 | 21,616,360 | 21,592,860 | 120,264,993 | 119,423,647 |
| Equipment | 52,724,095 | 52,105,616 | 33,849,444 | 38,858,451 | 86,573,539 | 90,964,067 |
| Infrastructure | 161,913,512 | 143,242,177 | 203,212,921 | 207,281,600 | 365,126,433 | 350,523,777 |
| Construction in progress | 12,437,642 | 18,072,012 | 2,280,006 | 448,461 | 14,717,648 | 18,520,473 |
| Accumulated depreciation | (199,083,760) | (189,496,907) | (165,580,039) | (167,402,987) | (364,663,799) | (356,899,894) |
| Total | <u>\$ 132,168,946</u> | <u>\$ 126,884,452</u> | <u>\$ 96,144,268</u> | <u>\$ 101,543,961</u> | <u>\$ 228,313,214</u> | <u>\$ 228,428,413</u> |

Current Year Major Additions:

| | 2017 |
|--|----------------------|
| Cotton Street Improvements | \$ 4,522,211 |
| Downtown Improvements - Center Street | 2,755,853 |
| Cherokee WTP Clarifier/Filter Replacement | 1,133,419 |
| The Green | 631,303 |
| Intersection Improvements @ Hawkins & McCann | 581,227 |
| Animal Shelter | 331,188 |
| Green Street Reconstruction | 312,140 |
| Maude Cobb Land @ Jaycee Drive | 301,208 |
| Guthri Creek Hike & Bike Trail | 261,014 |
| Lake O'Pines WTP Pump | 249,690 |
| | <u>\$ 11,079,253</u> |

The City's 2016-2017 Five-Year Capital Improvement Program has approximately \$128,060,000 in projects, of which \$16,595,000 have been adopted for completion in the current year. The projects are as follows: Drainage - \$250,000, Water - \$8,590,000, Wastewater - \$3,305,000, Streets - \$800,000, Parks - \$2,150,000 and Municipal Facilities - \$1,500,000.

Completing these programs will result in drainage improvements to mitigate repetitive house flooding and/or storm sewer problems at Eva Court and Wesley Street. These programs will also help mitigate erosion that is threatening structures and storm sewer problems on Kimberly and Jonquil. In addition, it will help relocate utility lines for the furtherance of the Texas Department of Transportation project. These programs will rehabilitate Cherokee Water Treatment Plant to improve its capacity, improve sewer systems at Guthrie Creek and Lafamo, and to relocate sewer lines at Loop 281 and Shofner. Further, these programs will also be replacing the undersized water mains that are beyond their maintenance life at Jarvis, Airline, Wood Place, Leduke, Marion and Diane Streets. We will soon be constructing safety and pavement improvements at Hawkins and Eastman intersection as well. These programs also allow for the construction of walking trails for the Longview Arboretum in accordance with a Texas Parks and Wildlife Grant, and provide a Facility Master Plan Study for a convention center, rodeo grounds, and exhibition barns. Finally, these programs will aid in building a transfer center, located at the Multimodal Facility.

Additional information regarding the City’s capital assets can be found in Note 4 on pages 57-60 of this report.

Debt Administration

At the end of the current fiscal year, the City had \$115,120,000 in general obligation and revenue bonds outstanding. This represents a decrease of \$9,630,000 compared to the prior year. The following table shows the debt outstanding at September 30, 2017:

**TABLE 5
CITY OF LONGVIEW'S OUTSTANDING DEBT**

| | Governmental Activities | | Business-type Activities | | Totals | |
|--------------------------|-------------------------|---------------------|--------------------------|---------------------|----------------------|----------------------|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| General and certificates | | | | | | |
| of obligation bonds | \$69,140,000 | \$74,085,000 | \$ - | \$ - | \$69,140,000 | \$74,085,000 |
| Revenue bonds | - | - | 45,980,000 | 50,665,000 | 45,980,000 | 50,665,000 |
| Total | \$69,140,000 | \$74,085,000 | \$45,980,000 | \$50,665,000 | \$115,120,000 | \$124,750,000 |

As of September 30, 2017, the City had general obligation bonds, and no Certificate of Obligation bonds, for a total of \$69,140,000 of outstanding tax supported debt. The current debt service requirement on existing tax-supported debt is \$7,255,450.

On May 14, 2011, a bond issuance of \$52,600,000 was authorized by the registered voters of the city to be issued in three separate series referred to as the Street Bond Package. On August 25, 2011 the City issued \$21,300,000, and then in 2013 issued the second series for \$23,300,300. The remaining \$8,000,000 was issued in September of 2016.

On December 1, 2015, the City called redemption of General Obligation Bonds, Series 2004, Series 2005A, and Series 2007. This refunding resulted in a net present value debt service savings of approximately \$525,735.

On August 25, 2016 the City called redemption of General Obligation Bonds, Series 2009. This refunding resulted in a net present value debt service savings of approximately \$708,750.

On September 15, 2016 the City called redemption of Revenue Bonds, Series 2007. This refunding resulted in a net present value debt service savings of approximately \$1,123,199.

As of September 30, 2017, the City had \$31,565,076 waterworks and \$14,414,925 sewer system bonds for a total of \$45,980,000 of Waterworks and Sewer System Revenue Bonds outstanding. The current debt service requirement is \$5,226,625. The Bond Reserve fund has accumulated the required amount of reserves which is equal to at least the average annual principal and interest requirements of the bonds similarly secured; therefore, a transfer from the Water Utilities fund in FY16-17 was not required.

The City also utilizes capital leases to finance equipment purchases. The assets are recorded on the City's records along with the outstanding lease obligation payable. At September 30, 2017, the City had a total of \$4,151,096 of outstanding capital lease obligations.

The following table shows the capital lease obligations for the governmental and business-type funds:

TABLE 6
CITY OF LONGVIEW'S CAPITAL LEASE OBLIGATIONS

| | Governmental Activities | | Business-type Activities | | Totals | |
|---------------------------|-------------------------|-------------|--------------------------|-------------|-------------|-------------|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Capital Lease obligations | \$2,689,429 | \$4,375,427 | \$1,461,667 | \$2,112,798 | \$4,151,096 | \$6,488,225 |
| Total | \$2,689,429 | \$4,375,427 | \$1,461,667 | \$2,112,798 | \$4,151,096 | \$6,488,225 |

The City's General Obligation and Waterworks and Sewer System Bond ratings are as follows:

| | Fitch | Standard & Poor's |
|--------------------|-------|-------------------|
| General obligation | AA | AA+ |
| Revenue bonds | | AA |

For additional information regarding the City's outstanding debt or capital lease obligations, refer to Notes 8 and 9 on pages 72-77 of this report.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds

The focus on the City of Longview's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City's combined governmental funds reported a combined fund balance of \$37,380,018 a decrease of \$9,341,515 in comparison to the prior year. Approximately 43% of this amount (\$15,949,231) represents unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is reserved to indicate that it is not available to pay for new spending because it has already been restricted, committed, assigned or is non-spendable (i.e. inventories). For additional information regarding the City's fund balance categories and balances, refer to pages 46-47 of this report.

The General Fund is the chief operating fund of the City of Longview. At the end of the current fiscal year, unassigned fund balance was \$15,949,231 while total fund balance was \$17,550,319. As a measure of the General Fund's liquidity, it may be useful to compare both the unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 27% of total General Fund expenditures, while the total fund balance represents 30% of that same amount.

The fund balance of the City of Longview's General Fund decreased \$548,172 during the current fiscal year. Key factors in this increase are as follows:

- An decrease in sales tax revenue due to economic conditions
- Along with an increase in property taxes
- Use of fund balance for major projects
- A decrease in debt service cost due to the maturity of issuances, along with a GO refunding
- Other cost savings from general fund functions of administrative costs, maintenance costs and vacancy savings

The Debt Service Fund has a total fund balance of \$2,353,669, all of which is reserved for the payment of debt service. The net increase in fund balance during the current year in the Debt Service Fund was \$30,038, which is attributed to the savings from the prior year's refunding of bonds.

The Capital Projects Fund has a total fund balance of \$9,652,650 all of which is either restricted or committed for the capital project funding. The net decrease in fund balance during the current year in the Capital Projects Fund was \$9,550,379. This decrease is due to the continued construction projects. For additional information regarding these commitments see pages 79-80.

Proprietary Funds

The City's proprietary funds statements provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the Water Utilities Fund at the end of the year amounted to \$25,746,154 and unrestricted net position for the Sanitation Fund amounted to \$1,020,189.

The Water Utilities Fund experienced an increase in net position of \$2,412,304 during the current year. The net gain is due to unanticipated increases in charges for services due to average rainfall, offset with increased cost of production. As noted earlier in the discussion of business-type activities, this cost is caused by treating water for safe and healthy consumption, the increased cost of delivering the water to homes and businesses, the increased cost of removing, treating and returning the wastewater to the environment according to government regulations, and increased costs of capital improvement water projects that are necessary for the current and future needs of our community.

General Fund Budgetary Highlights

During the current fiscal year, there was one budget amendment in the General Fund in the amount of \$149,500 for the remodel of Fire Station #5.

Total revenue was below budget by \$627,793. The details of the more significant variances of budget to actual collections are detailed below:

- \$268,237 increase in anticipated sales taxes
- \$52,310 increase in anticipated property taxes
- \$148,307 decrease in building permits, along with increases to the other types of fees that are charged such as building inspections, engineering permits and fire inspections
- \$427,246 decrease in municipal court fines
- \$195,529 decrease in franchise fees.
- \$147,282 decrease in charges for services, such as ambulance services, animal services, and park and recreational services

Total expenditures for the General Fund were \$2,169,832 under the final expenditure budget. The details of the more significant variances of budget to actual expenditures are detailed below:

- \$322,698 decrease in police due to vacancies in personnel
- \$158,833 decrease in fire due to vacancies in personnel
- \$270,617 decrease in street maintenance
- \$32,559 decrease in city attorney due to savings in litigation costs
- \$266,513 decrease in public safety communications due to vacancies in personnel
- \$133,747 decrease in traffic maintenance supplies
- \$130,840 decrease in grounds maintenance

NEXT YEAR'S BUDGET AND RATES

- Estimates a 0.60% increase in overall appraised property values, resulting in an estimated \$91,612 increase in property tax collections
- Estimates a 2.98% increase in sales tax collection, which is an estimated increase of \$867,002
- Includes a property tax rate of \$0.5099
- Includes mid-year 3% increases in employee salaries
- Include no increase in residential sanitation rates
- Does not include water and sewer rate change
- Begin to implement the City of Longview's Comprehensive Plan

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department, at the City of Longview, 300 W. Cotton Street, Longview, Texas 75601.

(This page intentionally left blank)

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF LONGVIEW, TEXAS

**STATEMENT OF NET POSITION
SEPTEMBER 30, 2017**

| | Primary Government | | | Component Unit |
|--|----------------------------|------------------------|---------------|--|
| | Governmental Activities | Business Activities | Total | Longview Economic Development Corporation |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 4,633,805 | \$ 2,970,579 | \$ 7,604,384 | \$ 56,629 |
| Investments | 19,459,131 | 20,881,615 | 40,340,746 | 15,462,324 |
| Receivables (net of allowances for uncollectibles) | | | | |
| Taxes | 7,437,837 | - | 7,437,837 | 888,672 |
| Accounts | 1,296,757 | 5,381,727 | 6,678,484 | - |
| Other | 320,829 | - | 320,829 | - |
| Internal balances | (2,017,986) | 2,017,986 | - | - |
| Intergovernmental receivable | 1,563,181 | - | 1,563,181 | - |
| Accrued interest | 11,106 | 1,338 | 12,444 | 12,310 |
| Inventories | 381,185 | 1,161,681 | 1,542,866 | - |
| Prepaid and other assets | 39,918 | 3,382 | 43,300 | 4,990 |
| Notes receivable | - | - | - | 1,269,166 |
| Investment in property | - | - | - | 2,105,935 |
| Restricted assets: | | | | |
| Cash and cash equivalents | 6,676,963 | 3,496,725 | 10,173,688 | 18,000 |
| Investments | 11,123,991 | 6,650,743 | 17,774,734 | 3,735,225 |
| Capital assets: | | | | |
| Land | 5,528,824 | 765,576 | 6,294,400 | 5,241,646 |
| Buildings and improvements | 98,648,633 | 21,616,360 | 120,264,993 | 144,877 |
| Machinery and equipment | 52,724,095 | 33,849,444 | 86,573,539 | 185,149 |
| Infrastructure | 161,913,512 | 203,212,921 | 365,126,433 | 4,595,607 |
| Construction in progress | 12,437,642 | 2,280,006 | 14,717,648 | - |
| Less: accumulated depreciation | (199,083,760) | (165,580,039) | (364,663,799) | (2,132,984) |
| Total capital assets | 132,168,946 | 96,144,268 | 228,313,214 | 8,034,295 |
| Total assets | 183,095,663 | 138,710,044 | 321,805,707 | 31,587,546 |

CITY OF LONGVIEW, TEXAS

**STATEMENT OF NET POSITION
SEPTEMBER 30, 2017**

| | Primary Government | | | Component Unit |
|---|----------------------------|------------------------|-----------------------|--|
| | Governmental Activities | Business Activities | Total | Longview Economic Development Corporation |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Deferred outflows related to pensions | 23,547,080 | 2,149,086 | 25,696,166 | - |
| Deferred loss on refunding, net of amortization | 276,366 | 254,680 | 531,046 | - |
| Total deferred outflows of resources | <u>23,823,446</u> | <u>2,403,766</u> | <u>26,227,212</u> | <u>-</u> |
| LIABILITIES | | | | |
| Accounts payable and accrued expenses | 4,710,457 | 1,078,891 | 5,789,348 | 202,780 |
| Payables from restricted assets: | | | | |
| Accounts payable and accrued expenses | 1,742,519 | 889,114 | 2,631,633 | - |
| Customer deposits | - | 284,747 | 284,747 | - |
| Family self-sufficiency escrow | 55,634 | - | 55,634 | - |
| Other liabilities | 91,382 | - | 91,382 | - |
| Other payables | 291,838 | - | 291,838 | - |
| Noncurrent liabilities: | | | | |
| Due within one year | 7,270,729 | 5,045,065 | 12,315,794 | 4,539,581 |
| Due in more than one year | 151,043,819 | 51,184,274 | 202,228,093 | 11,119,350 |
| Total liabilities | <u>165,206,378</u> | <u>58,482,091</u> | <u>223,688,469</u> | <u>15,861,711</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Deferred inflows related to pensions | 16,624,248 | - | 16,624,248 | - |
| Advance of grant funds | 703,684 | - | 703,684 | - |
| Total deferred inflows of resources | <u>17,327,932</u> | <u>-</u> | <u>17,327,932</u> | <u>-</u> |
| NET POSITION | | | | |
| Net investment in capital assets | 65,413,522 | 45,165,662 | 110,579,184 | 2,161,295 |
| Restricted for: | | | | |
| Grant requirements | 1,623,792 | - | 1,623,792 | - |
| Capital projects | 852,132 | - | 852,132 | 3,735,225 |
| Debt service | 2,353,669 | 8,405,875 | 10,759,544 | 640,454 |
| Municipal court facilities | 44,465 | - | 44,465 | - |
| 911 Emergency operations | 583,197 | - | 583,197 | - |
| Tourism/convention facilities | 2,854,530 | - | 2,854,530 | - |
| Other purposes | 188,001 | - | 188,001 | 18,000 |
| Other public safety | 683,302 | - | 683,302 | - |
| Unrestricted | (50,211,811) | 29,060,182 | (21,151,629) | 9,170,861 |
| Total net position | <u>\$ 24,384,799</u> | <u>\$ 82,631,719</u> | <u>\$ 107,016,518</u> | <u>\$ 15,725,835</u> |

The accompanying notes are an integral part of these financial statements.

CITY OF LONGVIEW, TEXAS

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2017

| Functions/Programs | Expenses | Program Revenue | | |
|--|-----------------------|----------------------|------------------------------------|----------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Primary government | | | | |
| Governmental activities: | | | | |
| General government | \$ 3,137,756 | \$ 332,593 | \$ - | \$ - |
| Public safety | 47,161,034 | 7,024,951 | 471,567 | 133,444 |
| Public works | 14,716,963 | - | 333,715 | 1,118,251 |
| Developmental services | 3,150,995 | 716,792 | 662,217 | - |
| Culture and recreation | 10,978,736 | 790,129 | 12,164 | 748,303 |
| Public transit | 2,166,843 | 239,239 | 1,416,547 | 563,850 |
| Public welfare | 7,174,784 | 173,708 | 6,644,286 | - |
| Interest and fiscal charges | 2,619,992 | - | - | - |
| Total governmental activities | <u>91,107,103</u> | <u>9,277,412</u> | <u>9,540,496</u> | <u>2,563,848</u> |
| Business-type activities: | | | | |
| Water utilities | 31,597,150 | 33,547,536 | - | - |
| Sanitation | 5,622,492 | 5,312,890 | - | - |
| Nonmajor funds - Longview Recreation Association | | | | |
| Association | 357,501 | 398,017 | - | - |
| Total business-type activities | <u>37,577,143</u> | <u>39,258,443</u> | <u>-</u> | <u>-</u> |
| Total primary government | <u>\$ 128,684,246</u> | <u>\$ 48,535,855</u> | <u>\$ 9,540,496</u> | <u>\$ 2,563,848</u> |
| Component unit | | | | |
| Longview Economic Development Corporation | <u>\$ 4,009,953</u> | <u>\$ 407,300</u> | <u>\$ -</u> | <u>\$ -</u> |
| Total component unit | | | | |

General revenues:

Taxes:

Property taxes

Sales taxes

Franchise taxes

Other taxes

Industrial agreements

Developer participation agreements

Investment earnings

Miscellaneous

Gain on sale of asset

Special items:

Transfer of roadway to other government

Total general revenues and special items

Change in net position

Net position - beginning

Prior Period Adjustment (Note 15)

Net position - ending

The accompanying notes are an integral part of these financial statements.

CITY OF LONGVIEW, TEXAS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2017

| Net (Expense) Revenue and Changes in Net Assets | | | |
|---|--------------------------|------------------------|---|
| Primary Government | | | Component Unit |
| Governmental Activities | Business-type Activities | Total | Longview Economic Development Corporation |
| \$ (2,805,163) | \$ - | \$ (2,805,163) | \$ - |
| (39,531,072) | - | (39,531,072) | - |
| (13,264,997) | - | (13,264,997) | - |
| (1,771,986) | - | (1,771,986) | - |
| (9,428,140) | - | (9,428,140) | - |
| 52,793 | - | 52,793 | - |
| (356,790) | - | (356,790) | - |
| (2,619,992) | - | (2,619,992) | - |
| <u>(69,725,347)</u> | <u>-</u> | <u>(69,725,347)</u> | <u>-</u> |
| - | 1,950,386 | 1,950,386 | - |
| - | (309,602) | (309,602) | - |
| - | 40,516 | 40,516 | - |
| - | <u>1,681,300</u> | <u>1,681,300</u> | <u>-</u> |
| <u>\$ (69,725,347)</u> | <u>\$ 1,681,300</u> | <u>\$ (68,044,047)</u> | <u>\$ -</u> |
| | | | <u>\$ (3,602,653)</u> |
| 28,726,644 | - | 28,726,644 | - |
| 24,565,506 | - | 24,565,506 | 4,913,097 |
| 5,431,535 | - | 5,431,535 | - |
| 2,426,517 | - | 2,426,517 | - |
| 1,534,662 | - | 1,534,662 | - |
| 843,500 | - | 843,500 | - |
| 456,800 | 256,486 | 713,286 | 125,967 |
| 1,053,598 | 5,479 | 1,059,077 | 196,204 |
| 153,022 | 29,604 | 182,626 | - |
| (424,026) | - | (424,026) | - |
| <u>64,767,758</u> | <u>291,569</u> | <u>65,059,327</u> | <u>5,235,268</u> |
| (4,957,589) | 1,972,869 | (2,984,720) | 1,632,615 |
| 25,219,816 | 80,033,646 | 105,253,462 | 18,717,978 |
| <u>4,122,572</u> | <u>625,204</u> | <u>4,747,776</u> | <u>(4,624,758)</u> |
| <u>\$ 24,384,799</u> | <u>\$ 82,631,719</u> | <u>\$ 107,016,518</u> | <u>\$ 15,725,835</u> |

(This page intentionally left blank)

FUND FINANCIAL STATEMENTS

**CITY OF LONGVIEW, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017**

| | General | Debt Service | Capital Projects |
|--|----------------------|---------------------|----------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 790,675 | \$ 2,321,523 | \$ 1,022,941 |
| Investments | 14,840,207 | - | 9,751,389 |
| Accounts receivable, net | 6,918,391 | 678,616 | 19,552 |
| Intergovernmental receivable | - | - | - |
| Prepaid expenses | 39,918 | - | - |
| Inventory | 187,424 | - | - |
| Due from other funds | 417,070 | 9,637 | - |
| Accrued interest | 10,278 | - | - |
| Total assets | <u>\$ 23,203,963</u> | <u>\$ 3,009,776</u> | <u>\$ 10,793,882</u> |
| LIABILITIES | | | |
| Accounts payable | \$ 806,341 | \$ - | \$ 1,141,232 |
| Accrued payroll and benefits | 2,485,910 | - | - |
| Due to other funds | 9,637 | - | - |
| Other payables | 365,346 | - | - |
| Family self-sufficiency escrow | - | - | - |
| Total liabilities | <u>3,667,234</u> | <u>-</u> | <u>1,141,232</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Unavailable revenue - property taxes | 689,553 | 656,107 | - |
| Unavailable revenue - ambulance | 1,018,771 | - | - |
| Unavailable revenue - municipal court | 277,986 | - | - |
| Unavailable revenue - other | 100 | - | - |
| Advance of grant funds | - | - | - |
| Total deferred inflows of resources | <u>1,986,410</u> | <u>656,107</u> | <u>-</u> |
| Fund balances: | | | |
| Nonspendable | 227,342 | - | - |
| Restricted | 59,194 | 2,353,669 | 8,498,403 |
| Committed | - | - | 1,154,247 |
| Assigned | 1,314,552 | - | - |
| Unassigned | 15,949,231 | - | - |
| Total fund balances | <u>17,550,319</u> | <u>2,353,669</u> | <u>9,652,650</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 23,203,963</u> | <u>\$ 3,009,776</u> | <u>\$ 10,793,882</u> |

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.

An Internal Service Fund is used by management to charge costs of general insurance, group health insurance, workers' compensation insurance, and fleet services to individual funds. The assets and liabilities of the Internal Service Fund are included in the governmental activities in the statement of net position.

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Net position of governmental activities

The accompanying notes are an integral part of these financial statements.

**CITY OF LONGVIEW, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017**

| Total Nonmajor Funds | Total Governmental Funds |
|-------------------------|-----------------------------|
| \$ 3,876,314 | \$ 8,011,453 |
| 3,164,503 | 27,756,099 |
| 1,235,988 | 8,852,547 |
| 1,563,181 | 1,563,181 |
| - | 39,918 |
| - | 187,424 |
| 166,888 | 593,595 |
| - | 10,278 |
| \$ 10,006,874 | \$ 47,014,495 |
| \$ 678,554 | \$ 2,626,127 |
| 119,795 | 2,605,705 |
| 583,958 | 593,595 |
| 17,874 | 383,220 |
| 55,634 | 55,634 |
| 1,455,815 | 6,264,281 |
| - | 1,345,660 |
| - | 1,018,771 |
| - | 277,986 |
| 23,995 | 24,095 |
| 703,684 | 703,684 |
| 727,679 | 3,370,196 |
| - | 227,342 |
| 5,918,093 | 16,829,359 |
| 1,905,287 | 3,059,534 |
| - | 1,314,552 |
| - | 15,949,231 |
| 7,823,380 | 37,380,018 |
| \$ 10,006,874 | |
| | 127,432,824 |
| | 2,666,512 |
| | 7,049,843 |
| | (150,144,398) |
| | \$ 24,384,799 |

CITY OF LONGVIEW, TEXAS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

| | <u>General</u> | <u>Debt Service</u> | <u>Capital Projects</u> |
|--|----------------------|---------------------|-------------------------|
| REVENUES | | | |
| Taxes | \$ 46,259,644 | \$ 7,263,809 | \$ - |
| Fines and forfeitures | 2,174,112 | - | - |
| Licenses and permits | 987,139 | - | - |
| Intergovernmental | - | - | 813,633 |
| Charges for services | 4,527,295 | - | - |
| Investment earnings | 225,783 | 21,865 | 131,168 |
| Industrial agreements | 1,534,662 | - | - |
| Developer participation agreements | 843,500 | - | - |
| Miscellaneous | 586,114 | - | 9,898 |
| Total revenues | <u>57,138,249</u> | <u>7,285,674</u> | <u>954,699</u> |
| EXPENDITURES | | | |
| Current: | | | |
| General government | 2,439,100 | - | 6,611 |
| Public safety | 40,960,452 | - | - |
| Public works | 4,142,135 | - | - |
| Developmental services | 1,907,863 | - | - |
| Public welfare | 540,237 | - | - |
| Culture and recreation | 5,279,813 | - | - |
| Public transit | - | - | - |
| Debt service: | | | |
| Principal | 1,760,571 | 4,945,000 | - |
| Interest and other charges | 146,559 | 2,310,636 | 11,450 |
| Capital outlay | 1,046,731 | - | 9,748,444 |
| Total expenditures | <u>58,223,461</u> | <u>7,255,636</u> | <u>9,766,505</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | (1,085,212) | 30,038 | (8,811,806) |
| OTHER FINANCING SOURCES (USES) | | | |
| Sale of capital assets | 7,598 | - | - |
| Transfers in | 879,442 | - | - |
| Transfers out | (350,000) | - | (738,573) |
| Total other financing sources and uses | <u>537,040</u> | <u>-</u> | <u>(738,573)</u> |
| NET CHANGE IN FUND BALANCES | (548,172) | 30,038 | (9,550,379) |
| FUND BALANCES, BEGINNING | <u>18,098,491</u> | <u>2,323,631</u> | <u>19,203,029</u> |
| FUND BALANCES, ENDING | <u>\$ 17,550,319</u> | <u>\$ 2,353,669</u> | <u>\$ 9,652,650</u> |

The accompanying notes are an integral part of these financial statements.

CITY OF LONGVIEW, TEXAS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

| <u>Total Nonmajor Funds</u> | <u>Total Governmental</u> |
|---------------------------------|---------------------------|
| \$ 7,424,015 | \$ 60,947,468 |
| 139,643 | 2,313,755 |
| - | 987,139 |
| 11,127,383 | 11,941,016 |
| 1,395,347 | 5,922,642 |
| 32,276 | 411,092 |
| - | 1,534,662 |
| - | 843,500 |
| 457,586 | 1,053,598 |
| <u>20,576,250</u> | <u>85,954,872</u> |
| 26,561 | 2,472,272 |
| 1,676,254 | 42,636,706 |
| 5,019,235 | 9,161,370 |
| 664,432 | 2,572,295 |
| 6,496,133 | 7,036,370 |
| 2,188,389 | 7,468,202 |
| 1,875,708 | 1,875,708 |
| 11,302 | 6,716,873 |
| 3,807 | 2,472,452 |
| 2,102,512 | 12,897,687 |
| <u>20,064,333</u> | <u>95,309,935</u> |
| 511,917 | (9,355,063) |
| 5,950 | 13,548 |
| 350,000 | 1,229,442 |
| (140,869) | (1,229,442) |
| <u>215,081</u> | <u>13,548</u> |
| 726,998 | (9,341,515) |
| <u>7,096,382</u> | <u>46,721,533</u> |
| <u>\$ 7,823,380</u> | <u>\$ 37,380,018</u> |

(This page intentionally left blank)

CITY OF LONGVIEW, TEXAS

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds: \$ (9,341,515)

Governmental funds report capital outlays as expenditures. In addition, property and equipment contributed to governmental funds (either by a donation or transfer from a proprietary fund) is not recorded in the governmental funds. In the statement of activities, however, these items are recorded as capital assets and their acquisition costs are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay and contributed assets exceeded depreciation expense in the current year. 2,493,935

In the statement of activities, only the gain on sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold, donated, or transferred. (637,620)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 256,610

The issuance of long-term debt (e.g. bonds, leases, etc.) provides current financial resources to governmental funds, while repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. 6,494,930

Governmental funds report all payments to pension benefits as expenditures. However, in the government-wide statement of activities the pension expense is actuarially determined. This amount is the increase in the deferred outflows related to pensions of \$3,643,956 less the total of the increase in the net pension liability of \$11,114,164 and decrease in deferred inflows related to pensions of \$4,156,062. (3,314,146)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (317,136)

Internal service funds are used by management to charge the costs of general insurance, group health insurance, workers' compensation insurance, and fleet services to individual funds. The net expenses of certain activities of internal service funds is reported within governmental activities. (592,647)

Change in net position of governmental activities \$ (4,957,589)

The accompanying notes are an integral part of these financial statements.

CITY OF LONGVIEW, TEXAS

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

| | Budgeted Amounts | |
|---|------------------|---------------|
| | Original | Final |
| REVENUE | | |
| Taxes | \$ 46,134,627 | \$ 46,134,627 |
| Fines, forfeits, and penalties | 2,600,500 | 2,600,500 |
| Licenses, permits, and fees | 1,111,390 | 1,111,390 |
| Charges for services | 4,675,862 | 4,675,862 |
| Investment earning | 177,400 | 177,400 |
| Contractual fees | 1,534,662 | 1,534,662 |
| Developer participation agreement | 1,143,500 | 1,143,500 |
| Miscellaneous revenue | 457,000 | 457,000 |
| Total revenue | 57,834,941 | 57,834,941 |
| EXPENDITURES | | |
| Current: | | |
| General government | 2,105,234 | 2,165,280 |
| Public safety | 40,173,942 | 41,826,236 |
| Public works | 4,891,054 | 4,895,094 |
| Development services | 1,942,865 | 2,398,065 |
| Public welfare | 581,143 | 581,143 |
| Culture and recreation | 5,734,497 | 5,746,323 |
| Debt service: | | |
| Principal | 1,760,571 | 1,760,571 |
| Interest and other charges | 146,558 | 146,558 |
| Capital outlay | 708,725 | 708,725 |
| Total expenditures | 58,044,588 | 60,227,994 |
| EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES | (209,647) | (2,393,053) |
| OTHER FINANCING SOURCES (USES) | | |
| Proceeds from sale of assets | 12,000 | 12,000 |
| Transfers in | 190,296 | 190,296 |
| Transfers out | (350,000) | (350,000) |
| Total other financing sources (uses) | (147,704) | (147,704) |
| NET CHANGE IN FUND BALANCE | (357,351) | (2,540,757) |
| FUND BALANCE - BEGINNING | 18,098,491 | 18,098,491 |
| FUND BALANCE - END | \$ 17,741,140 | \$ 15,557,734 |

CITY OF LONGVIEW, TEXAS

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

| | Actual | Adjustments to Budgetary Basis | Actual on Budgetary Basis | Variance with Final Budget |
|----|--------------------------|--------------------------------------|---------------------------------|-------------------------------|
| \$ | 46,259,644 | \$ (6,765) | \$ 46,252,879 | \$ 118,252 |
| | 2,174,112 | - | 2,174,112 | (426,388) |
| | 987,139 | - | 987,139 | (124,251) |
| | 4,527,295 | (23,335) | 4,503,960 | (171,902) |
| | 225,783 | 570 | 226,353 | 48,953 |
| | 1,534,662 | - | 1,534,662 | - |
| | 843,500 | - | 843,500 | (300,000) |
| | 586,114 | 98,429 | 684,543 | 227,543 |
| | <u>57,138,249</u> | <u>68,899</u> | <u>57,207,148</u> | <u>(627,793)</u> |
| | 2,439,100 | (18,925) | 2,420,175 | (254,895) |
| | 40,960,452 | (226,729) | 40,733,723 | 1,092,513 |
| | 4,142,135 | (23,027) | 4,119,108 | 775,986 |
| | 1,907,863 | 109,115 | 2,016,978 | 381,087 |
| | 540,237 | (1,224) | 539,013 | 42,130 |
| | 5,279,813 | (4,508) | 5,275,305 | 471,018 |
| | 1,760,571 | - | 1,760,571 | (0) |
| | 146,559 | - | 146,559 | (1) |
| | 1,046,731 | - | 1,046,731 | (338,006) |
| | <u>58,223,461</u> | <u>(165,298)</u> | <u>58,058,163</u> | <u>2,169,831</u> |
| | <u>(1,085,212)</u> | <u>234,197</u> | <u>(851,015)</u> | <u>1,542,038</u> |
| | 7,598 | - | 7,598 | (4,402) |
| | 879,442 | - | 879,442 | 689,146 |
| | <u>(350,000)</u> | <u>-</u> | <u>(350,000)</u> | <u>-</u> |
| | <u>537,040</u> | <u>-</u> | <u>537,040</u> | <u>684,744</u> |
| | (548,172) | 234,197 | (313,975) | 2,226,782 |
| | 18,098,491 | - | 18,098,491 | - |
| \$ | <u><u>17,550,319</u></u> | <u><u>234,197</u></u> | <u><u>17,784,516</u></u> | <u><u>2,226,782</u></u> |

CITY OF LONGVIEW, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2017

| | Enterprise Funds | |
|--|------------------|---------------|
| | Water Utilities | Sanitation |
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 2,151,374 | \$ 644,671 |
| Investments | 20,269,760 | 481,800 |
| Accounts receivable, net | 4,630,813 | 750,914 |
| Inventories | 1,161,681 | - |
| Accrued interest | 1,338 | - |
| Other assets | 3,382 | - |
| Restricted assets: | | |
| Cash and cash equivalents | 3,496,725 | - |
| Investments | 6,650,743 | - |
| Total current assets | 38,365,816 | 1,877,385 |
| Non-current assets: | | |
| Advance receivable | 1,264,130 | - |
| Capital assets: | | |
| Land | 760,000 | 5,576 |
| Buildings | 21,386,062 | 213,798 |
| Water and sewer system | 203,212,921 | - |
| Machinery and equipment | 26,397,914 | 7,401,343 |
| Construction in progress | 2,280,006 | - |
| Less accumulated depreciation | (160,574,848) | (4,966,600) |
| Total non-current assets | 94,726,185 | 2,654,117 |
| Total assets | 133,092,001 | 4,531,502 |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Deferred outflows related to pension | 1,800,869 | 339,575 |
| Deferred charge on refunding (net of amortization) | 254,680 | - |
| Total deferred outflows of resources | 2,055,549 | 339,575 |

(continued)

The accompanying notes are an integral part of these financial statements.

CITY OF LONGVIEW, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2017

| <u>Enterprise Funds</u> | | |
|---|--------------------|-----------------------------------|
| <u>Nonmajor - Longview Recreation Association</u> | <u>Total</u> | <u>Internal Service Funds</u> |
| \$ 174,534 | \$ 2,970,579 | \$ 3,299,315 |
| 130,055 | 20,881,615 | 2,827,023 |
| - | 5,381,727 | 202,876 |
| - | 1,161,681 | 193,761 |
| - | 1,338 | 828 |
| - | 3,382 | - |
| - | 3,496,725 | - |
| - | 6,650,743 | - |
| <u>304,589</u> | <u>40,547,790</u> | <u>6,523,803</u> |
| - | 1,264,130 | - |
| - | 765,576 | - |
| 16,500 | 21,616,360 | 406,696 |
| - | 203,212,921 | - |
| 50,187 | 33,849,444 | 18,030,489 |
| - | 2,280,006 | - |
| (38,591) | (165,580,039) | (13,701,063) |
| <u>28,096</u> | <u>97,408,398</u> | <u>4,736,122</u> |
| <u>332,685</u> | <u>137,956,188</u> | <u>11,259,925</u> |
| 8,642 | 2,149,086 | 409,106 |
| - | 254,680 | - |
| <u>8,642</u> | <u>2,403,766</u> | <u>409,106</u> |

CITY OF LONGVIEW, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
(Continued)
SEPTEMBER 30, 2017

| | Enterprise Funds | |
|---|------------------|--------------|
| | Water Utilities | Sanitation |
| LIABILITIES | | |
| Current liabilities: | | |
| Accounts payable | \$ 534,852 | \$ 214,377 |
| Accrued liabilities | 253,588 | 60,517 |
| Compensated absences | 155,362 | 29,439 |
| Capital lease obligation | 42,219 | 519,014 |
| Claims and judgments | - | - |
| Current liabilities payable from restricted assets: | | |
| Accounts payable - construction | 774,109 | - |
| Accrued interest payable | 115,005 | - |
| Revenue bonds | 4,298,273 | - |
| Customer deposits | 284,747 | - |
| Total current liabilities | 6,458,155 | 823,347 |
| Non-current liabilities: | | |
| Advance payable | - | 1,264,130 |
| Compensated absences | 880,382 | 166,820 |
| Other post-employment benefits | 787,612 | 66,949 |
| Capital lease obligation | 288,179 | 612,255 |
| Net pension liability | 3,493,129 | 658,669 |
| Revenue bonds payable | 44,209,216 | - |
| Total non-current liabilities | 49,658,518 | 2,768,823 |
| Total liabilities | 56,116,673 | 3,592,170 |
| NET POSITION | | |
| Net investment in capital assets | 44,878,848 | 258,718 |
| Restricted for debt service | 8,405,875 | - |
| Unrestricted | 25,746,154 | 1,020,189 |
| Total net position | \$ 79,030,877 | \$ 1,278,907 |

Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service funds and the enterprise funds over time.

Total net position per government-wide financial statements

The accompanying notes are an integral part of these financial statements.

CITY OF LONGVIEW, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
(Continued)
SEPTEMBER 30, 2017

| Enterprise Funds | | |
|---|---------------|---------------------------|
| Nonmajor - Longview Recreation Association | Total | Internal Service Funds |
| \$ 13,372 | \$ 762,601 | \$ 289,295 |
| 2,185 | 316,290 | 71,770 |
| 758 | 185,559 | 22,826 |
| - | 561,233 | 1,267 |
| - | - | 1,140,922 |
| - | 774,109 | - |
| - | 115,005 | - |
| - | 4,298,273 | - |
| - | 284,747 | - |
| 16,315 | 7,297,817 | 1,526,080 |
| - | 1,264,130 | - |
| 4,298 | 1,051,500 | 129,354 |
| - | 854,561 | 148,745 |
| - | 900,434 | 8,646 |
| 16,765 | 4,168,563 | 788,377 |
| - | 44,209,216 | - |
| 21,063 | 52,448,404 | 1,075,122 |
| 37,378 | 59,746,221 | 2,601,202 |
| 28,096 | 45,165,662 | 4,726,209 |
| - | 8,405,875 | - |
| 275,853 | 27,042,196 | 4,341,620 |
| \$ 303,949 | 80,613,733 | \$ 9,067,829 |
| | 2,017,986 | |
| | \$ 82,631,719 | |

CITY OF LONGVIEW, TEXAS

STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION

PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2017

| | Enterprise Funds | |
|--|-------------------|------------------|
| | Water Utilities | Sanitation |
| OPERATING REVENUES | | |
| Water revenue | \$ 19,630,737 | \$ - |
| Sewer revenue | 12,457,586 | - |
| Solid waste collections | - | 5,312,890 |
| Installation fees | 499,538 | - |
| Penalties | 463,901 | - |
| Intergovernmental | 495,774 | - |
| Recreation revenue | - | - |
| Premiums | - | - |
| Vehicle revenue | - | - |
| GIS revenue | - | - |
| Media development revenue | - | - |
| Miscellaneous | - | - |
| Total operating revenues | <u>33,547,536</u> | <u>5,312,890</u> |
| OPERATING EXPENSES | | |
| Administrative | 614,770 | - |
| Utility services | 1,365,136 | - |
| Water supply | 3,457,342 | - |
| Water distribution | 3,099,195 | - |
| Water purification | 4,180,799 | - |
| Sanitary sewer maintenance | 1,893,838 | - |
| Sanitary sewer treatment | 3,419,064 | - |
| Plant automation | 669,629 | - |
| Public works engineering | 458,093 | - |
| Non-departmental expense | 3,110,894 | - |
| Sanitation services | - | 4,620,973 |
| Claims and premiums, net of reimbursements | - | - |
| Fleet service | - | - |
| Depreciation | 7,667,822 | 894,312 |
| Recreation expenses | - | - |
| Total operating expenses | <u>29,936,582</u> | <u>5,515,285</u> |
| OPERATING INCOME (LOSS) | <u>3,610,954</u> | <u>(202,395)</u> |

(continued)

The accompanying notes are an integral part of these financial statements.

CITY OF LONGVIEW, TEXAS

STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION

PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2017

| Nonmajor Enterprise Funds | | Total | Internal Service Funds |
|---|----|-------------------|---------------------------|
| Nonmajor - Longview Recreation Association | | | |
| \$ - | \$ | 19,630,737 | \$ - |
| - | | 12,457,586 | - |
| - | | 5,312,890 | - |
| - | | 499,538 | - |
| - | | 463,901 | - |
| - | | 495,774 | - |
| 398,017 | | 398,017 | - |
| - | | - | 10,934,392 |
| - | | - | 2,864,691 |
| - | | - | 2,084,839 |
| - | | - | 345,026 |
| - | | - | 85,971 |
| <u>398,017</u> | | <u>39,258,443</u> | <u>16,314,919</u> |
| - | | 614,770 | 4,996,994 |
| - | | 1,365,136 | - |
| - | | 3,457,342 | - |
| - | | 3,099,195 | - |
| - | | 4,180,799 | - |
| - | | 1,893,838 | - |
| - | | 3,419,064 | - |
| - | | 669,629 | - |
| - | | 458,093 | - |
| - | | 3,110,894 | - |
| - | | 4,620,973 | - |
| - | | - | 8,618,584 |
| - | | - | 2,331,973 |
| 6,972 | | 8,569,106 | 1,445,010 |
| 349,992 | | 349,992 | - |
| <u>356,964</u> | | <u>35,808,831</u> | <u>17,392,561</u> |
| <u>41,053</u> | | <u>3,449,612</u> | <u>(1,077,642)</u> |

CITY OF LONGVIEW, TEXAS

**STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION**

PROPRIETARY FUNDS

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2017

| | Enterprise Funds | |
|--|------------------|--------------|
| | Water Utilities | Sanitation |
| NON-OPERATING REVENUES (EXPENSES) | | |
| Interest and investment revenues | \$ 250,479 | \$ 4,521 |
| Miscellaneous revenues | 5,479 | - |
| Gain on sale of capital asset | 14,838 | 6,410 |
| Interest and other charges | (1,469,446) | (21,668) |
| Total non-operating revenues (expenses) | (1,198,650) | (10,737) |
| CHANGE IN NET POSITION | 2,412,304 | (213,132) |
| TOTAL NET POSITION, BEGINNING | 75,993,369 | 1,492,039 |
| PRIOR PERIOD ADJUSTMENT (NOTE 15) | 625,204 | - |
| TOTAL NET POSITION, ENDING | \$ 79,030,877 | \$ 1,278,907 |

Change in net position, per above

Internal Service Funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of certain Internal Service Funds is reported with business activities.

Change in business-type activities in net position per government-wide financial statements

The accompanying notes are an integral part of these financial statements.

CITY OF LONGVIEW, TEXAS

STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION

PROPRIETARY FUNDS
(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2017

| Nonmajor Enterprise Funds | | |
|---|----------------------|---------------------------|
| Nonmajor - Longview Recreation Association | Total | Internal Service Funds |
| \$ 1,486 | \$ 256,486 | \$ 45,708 |
| - | 5,479 | 18,459 |
| 8,356 | 29,604 | 143,630 |
| - | (1,491,114) | - |
| <u>9,842</u> | <u>(1,199,545)</u> | <u>207,797</u> |
| 50,895 | 2,250,067 | (869,845) |
| 253,054 | 77,738,462 | 9,937,674 |
| - | 625,204 | - |
| <u>\$ 303,949</u> | <u>\$ 80,613,733</u> | <u>\$ 9,067,829</u> |
| | 2,250,067 | |
| | <u>(277,198)</u> | |
| | <u>\$ 1,972,869</u> | |

CITY OF LONGVIEW, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

| | Business-type Activities | | |
|---|--------------------------|--------------|---|
| | Enterprise Funds | | |
| | Water Utilities | Sanitation | Nonmajor-Longview Recreation Association |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash received from customers | \$ 33,768,984 | \$ 5,338,012 | \$ 398,017 |
| Cash received from City departments | - | - | - |
| Cash received from premiums/contributions | - | - | - |
| Cash payments for claims | - | - | - |
| Cash payments for goods and services | (14,135,803) | (2,847,358) | (257,781) |
| Cash payments to employees/retirees | (7,367,446) | (1,578,345) | (78,489) |
| Net cash provided by operating activities | 12,265,735 | 912,309 | 61,747 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | |
| Cash received for miscellaneous items | 2,550 | - | - |
| Net cash provided by noncapital financing activities | 2,550 | - | - |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| Advance from other funds for capital purchases | - | (316,033) | - |
| Proceeds from sale of refunding revenue bonds | - | - | - |
| Payment to escrow agent | - | - | - |
| Unamortized premium on refunding | - | - | - |
| Acquisition and construction of capital assets | (2,233,937) | - | - |
| Principal paid on revenue bonds | (4,685,000) | - | - |
| Interest paid on revenue bonds | (1,539,969) | - | - |
| Proceeds on sale of capital asset | - | - | - |
| Insurance recoveries | - | - | - |
| Principal paid on long-term debt | (51,396) | (511,608) | - |
| Bond issuance costs | - | - | - |
| Interest and fiscal charges on debt | (25,886) | (26,330) | - |
| Net cash used in capital and related financing activities | (8,536,188) | (853,971) | - |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Payments from other funds | 316,033 | - | - |
| Proceeds from maturities of investments | 6,482,112 | 407,658 | 71,351 |
| Reinvestments of investments | (8,598,537) | - | - |
| Interest on investments | 252,873 | 4,521 | 1,486 |
| Net cash provided by (used in) investing activities | (1,547,519) | 412,179 | 72,837 |
| NET INCREASE (DECREASE) IN CASH | 2,184,578 | 470,517 | 134,584 |
| CASH AND CASH EQUIVALENTS, BEGINNING | 3,463,521 | 174,154 | 39,950 |
| CASH AND CASH EQUIVALENTS, ENDING | \$ 5,648,099 | \$ 644,671 | \$ 174,534 |

(continued)

The accompanying notes are an integral part of these financial statements.

CITY OF LONGVIEW, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

| <u>Total</u> | <u>Governmental Activities Internal Service Funds</u> |
|---------------------|---|
| \$ 39,505,013 | \$ - |
| - | 5,296,106 |
| - | 11,379,077 |
| - | (9,159,141) |
| (17,240,942) | (4,781,733) |
| <u>(9,024,280)</u> | <u>(2,292,330)</u> |
| 13,239,791 | 441,979 |
| | |
| <u>2,550</u> | <u>-</u> |
| | |
| 2,550 | - |
| | |
| (316,033) | - |
| - | - |
| - | - |
| - | - |
| (2,233,937) | (828,978) |
| (4,685,000) | - |
| (1,539,969) | - |
| - | 213,612 |
| - | 9,807 |
| (563,004) | (2,254) |
| - | - |
| <u>(52,216)</u> | <u>(407)</u> |
| | |
| (9,390,159) | (608,220) |
| | |
| 316,033 | - |
| 6,961,121 | 2,411,387 |
| (8,598,537) | (469,336) |
| <u>258,880</u> | <u>46,687</u> |
| | |
| (1,062,503) | 1,988,738 |
| | |
| 2,789,679 | 1,822,497 |
| <u>3,677,625</u> | <u>1,476,818</u> |
| <u>\$ 6,467,304</u> | <u>\$ 3,299,315</u> |

CITY OF LONGVIEW, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2017

| | Business-type Activities Enterprise Funds | | |
|--|--|--------------|---|
| | Water Utilities | Sanitation | Nonmajor Longview Recreation Association |
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES | | | |
| Operating income (loss) | \$ 3,610,954 | \$ (202,395) | \$ 41,053 |
| Adjustments to reconcile operating income to net cash provided by (used in) operating activities: | | | |
| Depreciation | 7,667,822 | 894,312 | 6,972 |
| Change in assets and liabilities: | | | |
| Decrease (increase) in assets: | | | |
| Receivables | 113,145 | 25,122 | - |
| Inventories | 108,304 | - | - |
| Deferred outflows related to pension | 517,817 | 97,641 | 2,485 |
| Increase (decrease) in liabilities: | | | |
| Accounts payable | 15,580 | 53,512 | 3,917 |
| Accrued liabilities | 49,567 | 3,376 | 1,783 |
| Customer deposits | (19,661) | - | - |
| Claims payable | - | - | - |
| Compensated absences | 96,075 | 20,120 | 5,056 |
| Other post employment benefits | 6,278 | 1,793 | - |
| Net pension liability | 99,854 | 18,828 | 481 |
| Total adjustments | 8,654,781 | 1,114,704 | 20,694 |
| Net cash provided by operating activities | \$ 12,265,735 | \$ 912,309 | \$ 61,747 |
| NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES | | | |
| Transfer of capital assets with other funds | \$ 86,690 | \$ 1,438 | \$ - |
| RECONCILIATION OF TOTAL CASH AND CASH EQUIVALENTS: | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 2,151,374 | \$ 644,671 | \$ 174,534 |
| Restricted assets - cash and cash equivalents | 3,496,725 | - | - |
| Total cash and cash equivalents | \$ 5,648,099 | \$ 644,671 | \$ 174,534 |

The accompanying notes are an integral part of these financial statements.

CITY OF LONGVIEW, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2017

| | | Governmental Activities | | Internal Service Funds | |
|-------|----------------------|----------------------------|---------------------|------------------------------|--|
| Total | | | | | |
| | \$ 3,449,612 | | \$ (1,077,642) | | |
| | 8,569,106 | | 1,445,010 | | |
| | 138,267 | | 358,689 | | |
| | 108,304 | | 1,575 | | |
| | 617,943 | | 116,869 | | |
| | 73,009 | | 86,447 | | |
| | 54,726 | | 6,643 | | |
| | (19,661) | | - | | |
| | - | | (540,557) | | |
| | 121,251 | | 21,510 | | |
| | 8,071 | | 898 | | |
| | 119,163 | | 22,537 | | |
| | <u>9,790,179</u> | | <u>1,519,621</u> | | |
| | <u>\$ 13,239,791</u> | | <u>\$ 441,979</u> | | |
| | <u>\$ 88,128</u> | | <u>\$ 8,381</u> | | |
| | \$ 2,970,579 | | \$ 3,299,315 | | |
| | <u>3,496,725</u> | | <u>-</u> | | |
| | <u>\$ 6,467,304</u> | | <u>\$ 3,299,315</u> | | |

CITY OF LONGVIEW

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUND

SEPTEMBER 30, 2017

| | Pension Trust Funds |
|---|-----------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 3,618,941 |
| Receivables | |
| Contribution receivable | 69,331 |
| Interest and dividends | 152,705 |
| Total receivables | <u>222,036</u> |
| Other assets | 600 |
| Investments, at fair value | |
| Equity securities | 10,044,758 |
| Mutual funds | 11,982,074 |
| Alternative investments | 15,196,684 |
| Total investments, at fair value | <u>37,223,516</u> |
| Equipment, at cost, net of accumulated depreciation | <u>2,580</u> |
| Total assets | <u>41,067,673</u> |
| LIABILITIES | |
| Credit card and other payables | <u>11,135</u> |
| NET POSITION | |
| Net position restricted for pension benefits | <u><u>\$ 41,056,538</u></u> |

The accompanying notes are an integral part of these financial statements.

CITY OF LONGVIEW
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

| | Pension Trust Funds |
|---|------------------------|
| ADDITIONS | |
| Contributions | |
| Employer | \$ 2,105,902 |
| Members | 1,986,998 |
| Total contributions | 4,092,900 |
| Investment income | |
| Interest and dividend income | 1,262,222 |
| Net appreciation in fair value of investments | 416,010 |
| Less investment expense | (225,267) |
| Total investment income | 1,452,965 |
| Total additions | 5,545,865 |
| DEDUCTIONS | |
| Benefits paid to members | 5,850,481 |
| Refunds of contributions | 335,307 |
| Administrative expenses | 116,238 |
| Total deductions | 6,302,026 |
| Net decrease | (756,161) |
| NET POSITION RESTRICTED FOR PENSION BENEFITS | |
| Beginning of year | 41,812,699 |
| End of year | \$ 41,056,538 |

The accompanying notes are an integral part of these financial statements.

(This page intentionally left blank)

**NOTES TO THE
FINANCIAL STATEMENTS**

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The City of Longview, Texas (City) was incorporated under the laws of the State of Texas in 1871 and operates under an elected Mayor-Council form of government. The City provides the following services to the citizens of the City: public safety (police and fire), public works, public health, developmental services, public welfare, recreation, water and sewer utilities, residential sanitation service, and general administrative services.

The governmental reporting entity consists of the City and its component units. Component units are legally separate organizations for which the City is financially accountable or other organizations whose nature and significant relationship with the City are such that exclusion would cause the City's financial statements to be misleading. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and (i) either the City's ability to impose its will on the organization or (ii) there is potential for the organization to provide a financial benefit to or impose a financial burden on the City.

The basic financial statements include both blended and discretely presented component units. The blended component units, although legally separate entities, are in substance, part of the City's operations and so data from these units are combined with the data of the primary government. The discretely presented component unit, on the other hand, is reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the government.

For financial reporting purposes, the City's basic financial statements include all financial activities that are controlled by or are dependent upon actions taken by City Council. All of the component units have a September 30 year end, with the exception of the Longview Firemen's Relief and Retirement Fund which has a December 31 year end.

The financial statements of the individual components units may be obtained by writing to the City of Longview Finance Department, 300 W. Cotton Street, Longview, Texas 75601.

Discretely presented component units

Longview Economic Development Corporation (LEDCO)

LEDCO is a Texas nonprofit corporation organized for the purpose of benefiting and accomplishing public purposes of the City of Longview, Texas, by promoting, assisting and enhancing economic development activities for the City. The Board members are appointed by the City of Longview City Council. LEDCO is funded by a one-quarter of a cent sales tax levied on taxable sales within the City of Longview. This tax was enacted by popular vote on November 11, 1991, and may be repealed by popular vote.

Blended component units

City of Longview Firemen's Relief and Retirement Fund

The City's fire department employees participate in the Longview Firemen's Relief and Retirement Fund (LFRRF). LFRRF functions solely for the benefit of the active and retired firefighters and is governed by a pension board. The City and LFRRF participants are obligated to fund all LFRRF costs based upon actuarial valuations. The City is authorized to approve the actuarial assumptions used in the determination of contribution levels. For financial reporting purposes, LFRRF is reported as if it was part of the City's operations as a fiduciary fund, and therefore is not included in the government wide financial statements. LFRRF's fiscal year-end is December 31. As a result, the financial statements of LFRRF presented herein are for the year ended December 31, 2016.

Longview Transit Management Inc.

Longview Transit Management, Inc. (Longview Transit) is a legally separate entity that operates the public transit system in and about the City of Longview and is the employer of the transit system employees. The transit system is funded by grants the City obtained through the Texas Department of Transportation as well as the City's required match on those grant funds. The governing body of the transit system is the same as the City's and Longview Transit is fiscally dependent upon the City.

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Payments Between the City and Component Units

Resource flows (except those that affect the statement of net position/balance sheet only, such as loans and repayments) between a primary government and its discretely presented component units are reported as external transactions – that is, as revenues and expenses. Resource flows between the primary government and the blended component units are classified as interfund transactions within the financial statements.

Payments received from the discretely presented component unit, LEDCO, are primarily subsidized funding for capital construction projects that mutually benefit both entities and their purposes. For the year ended September 30, 2017, \$1,437,766 was provided to the City.

Related Parties

Nonprofit organizations established to receive private donations and contributions that could be used for the benefit of the City of Longview's various programs, but do not meet the definition of a component unit are considered to be related parties of the City. Following are the related parties: The Fire Foundation, Safety City Incorporated, Library Foundation, Friends of the Library, Friends of Partners in Prevention, Pets Are Worth Saving (PAWS), Keep Longview Beautiful, Parks and Leisure Services (PALS), Longview Arboretum and Nature Center, Miracle League of East Texas, Veterans Recognition Foundation, Longview Dog Park, Inc., and Hundred Acres of Heritage & Main Street.

Government-wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a functional category or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items are not included among program revenues, but are properly reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds and fiduciary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. General revenues in the government-wide statement consist of taxes and fees. Program revenues consist of charges for service, contributions, and grant revenues. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Government fund level financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenue to be available if they are collected within 60 days of the end of the current fiscal period. Grant revenues availability period is generally considered to be one year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the liability has matured and payment is due.

CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Cont'd)

Ad valorem, franchise and sales tax revenues in the General Fund and ad valorem tax revenues recorded in the Debt Service Fund are recognized under the susceptible to accrual concept and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

All proprietary funds and the pension trust fund are accounted for on a flow of economic resources measurement focus. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net position. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

The principal operating revenues of the City's water utilities and solid waste disposal funds are charges to customers for sales and services. Operating expenses for the enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The City reports the following major governmental funds:

The **General Fund** accounts for several of the City's primary services (public safety, public works, public health, public welfare, parks and recreation, etc.) and is the primary operating unit of the City.

The **Debt Service Fund** accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The **Capital Projects Fund** accounts for the acquisition of capital assets or construction of major capital projects.

The City reports the following major enterprise funds:

The **Water Utilities Fund** accounts for the operation of the City's water and sewer utilities. Activities of the fund include administration, operation and maintenance of the water and sewer system and billing and collection activities. The Fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for revenue bonds and obligations under capital leases when due throughout the year. All costs are financed through charges made to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the Fund.

The **Sanitation Fund** accounts for the operations of the City's sanitation operations. Customers are billed monthly at a rate sufficient to cover the cost of providing such service.

Additionally, the City reports the following fund types:

The **Internal Service Funds** are used to account for general liability insurance, group health insurance, worker's compensation insurance, fleet management services, vehicle replacement services, media development, and to finance the geographic information system. These services are provided to other departments or agencies of the City, generally on a cost reimbursement basis.

The **Pension Trust Fund** is used to account for the accumulation of resources to be used for the retirement benefit payments to employees of the City.

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

**Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance
Cash, Cash Equivalents and Investments**

Texas statutes authorize the City to invest in obligations of the U.S. Treasury, agencies and instrumentalities, fully collateralized certificates of deposit, repurchase agreements, commercial paper, and direct obligations of cities within the State of Texas. The City is also authorized to invest in direct obligations of the State of Texas or its agencies, obligations of states, agencies, counties, and other political subdivisions, money market mutual funds, prime bankers' acceptances, and reverse repurchase agreements.

Cash and cash equivalents include cash on hand, demand deposits, money market accounts, cash invested in TexPool and Texas Class, and short-term investments with original maturities of three months or less from the date of acquisition.

The City pools cash from all fund types (excluding certain restricted assets that are considered cash and cash equivalents) to increase the amount of funds available for investment. Interest earnings are allocated to the respective funds based upon each fund's relative balance in the pool. Each fund may liquidate its equity in the pool on demand.

In accordance with GASB Statement No. 31, investments are recorded at fair value.

Restricted Assets

Restricted assets are assets whose use is subject to constraints that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

The balances of the restricted asset accounts at September 30, 2017 are as follows:

| | Governmental Activities | Business Activities |
|----------------------------|----------------------------|------------------------|
| Customer deposits | \$ - | \$ 284,747 |
| Capital projects | 9,551,210 | 1,458,085 |
| Debt service/bond reserves | 2,321,523 | 8,404,636 |
| Agency account | 59,194 | - |
| Special revenue purposes | 5,869,026 | - |
| | \$ 17,800,954 | \$ 10,147,468 |
| Total restricted assets | \$ 17,800,954 | \$ 10,147,468 |

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Inventories

Inventories of supplies are maintained at City warehouses and are accounted for by the consumption method. Inventories are capitalized under the consumption method, whereby expenditures are capitalized as inventory until used. They are valued at the lower of moving average cost or market. Unit prices are adjusted as new inventory is added, thus the moving average cost closely represents the cost of goods sold. Reported inventories in governmental funds are equally offset by nonspendable fund balance, which indicates that they do not constitute "available expendable resources" even though they are a component of net current assets.

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Capital Assets

Property, plant and equipment purchased or acquired is carried at historical cost or estimated historical cost. Contributed capital assets are recorded at estimated acquisition value at the time received. Public domain (infrastructure) capital assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems have been recorded at estimated historical cost. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Net revenue bond interest cost incurred during construction periods is capitalized when material.

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight line method over the following estimated useful lives:

| <u>Assets</u> | <u>Years</u> |
|-----------------------|--------------|
| Buildings | 10 - 50 |
| Building Improvements | 7 - 20 |
| Equipment | 3 - 10 |
| Drainage improvements | 10 - 50 |
| System infrastructure | 20 - 40 |

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two types of items, which arise only under the accrual basis of accounting that qualify for reporting in this category. The deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred outflows related to pensions, which arise only under an accrual basis of accounting, is reported only in the government-wide and proprietary statements of net position. This amount is deferred and amortized over the actuarial determined recognition period.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has three types of deferred inflows. Unavailable revenue, which only arises on a modified accrual basis of accounting, is comprised of property taxes, ambulance revenue, municipal court revenue, and other revenue and is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Advance of grant funds, in the Governmental Balance Sheet and government-wide Statement of Net Position, represents grant funds on hand in which the eligibility requirements have been met, however the funds have not yet been expended. These amounts are deferred and recognized as an inflow of resources in the period in which the expenditure is incurred. Deferred inflows related to pensions, in the government-wide Statement of Net Position, represent actuarial gains (losses) that are deferred and amortized over the actuarial determined recognition period.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and the Longview Firemen's Relief and Retirement Fund (LFRRF) and additions to/deductions from TMRS and LFRRF's Fiduciary Net Position are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Arbitrage Liability

The City accrues a liability for an amount of rebatable arbitrage resulting from investing low-yielding, tax-exempt bond proceeds in higher-yielding, taxable securities. Such investment activities can result in interest revenue exceeding interest cost. The arbitrage liability is payable to the federal government every five years; however, the City records its arbitrage liability annually based on the calculations by the arbitrage rebate company. The arbitrage liability is recorded as a liability in the government-wide and proprietary fund types, as applicable on the accrual basis and as a reduction of interest income on the invested debt proceeds.

Compensated Absences

Accumulated vacation and sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee's resignations and retirements.

Fund Balances

Governmental funds utilize a fund balance presentation for equity. Fund balance is categorized as nonspendable, restricted, committed, assigned, or unassigned.

Nonspendable fund balance – represents amounts that cannot be spent because they are either (a) not in spendable form (such as inventory or prepaids) or (b) legally required to remain intact.

Restricted fund balance – represents amounts with for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation (such as municipal court fines).

Committed fund balance – represents amounts than can only be used for specific purposes pursuant to constraints imposed by a formal action of the City's highest level of decision-making authority, the City Council. Committed resources cannot be used for any other purpose unless the City Council removes or changes the specified use by the same type of action (ordinance or resolution) that was employed when the funds were initially committed.

Assigned fund balance – represents amounts the City intends to use for specific purposes as expressed by the City Council or an official delegated the authority to assign amounts. This is the residual classification for all governmental funds other than the general fund. The City Manager, or designee, has been granted the authority by resolution of the City Council to create new assignments of fund balance, but they are not spendable until a budget ordinance is passed by City Council.

Unassigned fund balance – represents the residual fund balance for the General Fund or deficit fund balances in other funds.

When an expenditure is incurred for a purpose for which more than one fund balance classification could be used, the City considers the expenditure to be made from the most restrictive classification first.

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Fund Balances (Cont'd)

A summary of the nature and purpose of fund balances at September 30, 2017 is as follows:

| | <u>General Fund</u> | <u>Debt Service</u> | <u>Capital Projects</u> | <u>Non-Major Special Revenue</u> | <u>Total</u> |
|---------------------------------|-------------------------|-------------------------|-----------------------------|--|---------------------|
| Fund balances: | | | | | |
| Nonspendable: | | | | | |
| | \$ 227,342 | \$ - | \$ - | \$ - | \$ 227,342 |
| Restricted for: | | | | | |
| Capital projects | - | - | 8,498,403 | - | 8,498,403 |
| Debt service | - | 2,353,669 | - | - | 2,353,669 |
| Municipal court facilities | - | - | - | 44,465 | 44,465 |
| Purposes of grantors and donors | - | - | - | 1,641,184 | 1,641,184 |
| 911 Emergency operations | - | - | - | 583,197 | 583,197 |
| Tourism/convention facilities | - | - | - | 2,854,530 | 2,854,530 |
| Other public safety | - | - | - | 683,302 | 683,302 |
| Other purposes | 59,194 | - | - | 128,807 | 188,001 |
| Total restricted | <u>59,194</u> | <u>2,353,669</u> | <u>8,498,403</u> | <u>5,935,485</u> | <u>16,846,751</u> |
| Committed to: | | | | | |
| Drainage improvements | - | - | 1,154,247 | 1,905,287 | 3,059,534 |
| Assigned to: | | | | | |
| Encumbrances | 736,004 | - | - | - | 736,004 |
| Vehicle replacement | 578,548 | - | - | - | 578,548 |
| Total assigned | <u>1,314,552</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,314,552</u> |
| Unassigned | 15,949,231 | - | - | (17,392) | 15,931,839 |
| Total fund balances | <u>\$ 17,550,319</u> | <u>\$ 2,353,669</u> | <u>\$ 9,652,650</u> | <u>\$ 7,823,380</u> | <u>\$37,380,018</u> |

The fund balance policy, as adopted by City Council, states that unassigned fund balance shall be maintained at a level of 10% of estimated annual operating expenses for the General Fund and at 15% of estimated annual operating expenses for the Proprietary Funds.

Net position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of net capital assets reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislations adopted by the city or through external restrictions imposed by creditors, grantors or laws and regulations of other governments.

Interfund Transactions

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds for goods and services. These receivables and payables are classified as "due from other funds" or "due to other funds" on the fund-level statements when they are expected to be liquidated within one year. If receivables and payables are expected to be liquidated after one year, they are classified as "advances to other funds" or "advances from other funds." A permanent reallocation of resources between funds are classified as interfund transfers. In the government-wide statement of activities, the effect of interfund activity has generally been removed from the statements. Exceptions include the chargeback of services for which the elimination would distort the direct costs and program revenues of the various functions reported.

CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Interfund Transactions (Cont'd)

Internal service fund activity is eliminated in order to remove duplicate activity in making the transition from the fund financial statements to the government-wide financial statements. The elimination of the internal service fund activity requires the City to “look back” and adjust the internal service funds’ internal charges. A positive change in net position derived from internal service fund activity results in a pro rata reduction in the charges made to the participatory funds. A deficit change in net position of internal service funds requires a pro rata increase in the amounts charged to the participatory funds.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

New Accounting Pronouncements

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which improves financial reporting of postemployment benefits other than pensions. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2017. The City is evaluating the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures*, which improves financial reporting by requiring the disclosure of information about the nature and magnitude of tax abatements. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2015. The City is evaluating the impact, if any, upon its financial position, results of operations or cash flows upon adoption. The City has implemented GASB No. 77 in this annual report.

In January 2016, the GASB issued Statement No. 80, *Blending Requirements for Certain Component Units*, which improves financial reporting by clarifying the financial statement presentation requirements for certain component units. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2016. The City has implemented GASB No. 80 in this annual report.

In March 2016, the GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*, which improves accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2016. The City is evaluating the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

In March 2016, the GASB issued Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73*, which addresses certain issues that have been raised with respect to Statements No. 67, No. 68, and No. 73. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2016. The City has implemented GASB No. 82 in this annual report.

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*, which addresses accounting and financial reporting for certain asset retirement obligations (AROs). The requirements of this statement are effective for financial statements for periods beginning after June 15, 2018. The City is evaluating the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*, which improves accounting and reporting by enhancing the consistency and comparability by establishing specific criteria for identifying activities that should be reported as fiduciary activities and clarifying whether and how business-type activities should report their fiduciary activities. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2018. The City is evaluating the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

New Accounting Pronouncements (Cont'd)

In March 2017, the GASB issued Statement No. 85, *Omnibus 2017*, which improves consistency in accounting and financial reporting by addressing practice issues that have been identified during implementation and application of certain GASB statements. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2017. The City is evaluating the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

In May 2017, the GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*, which improves consistency in accounting and financial reporting for certain debt extinguishments and to enhance the decision-usefulness of that information. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2017. The City is evaluating the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

In June 2017, the GASB issued Statement No. 87, *Leases*, which improves accounting and financial reporting by requiring reporting of certain lease liabilities that currently are not reported. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2019. The City is evaluating the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

Subsequent Events

Subsequent events have been evaluated through March 1, 2018, the date the financial statements were available to be issued.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of certain differences between the governmental fund balance sheet and the government-wide statements of net position

The governmental fund balance sheet includes reconciliation between fund balance-total governmental funds and net position-governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains the “long-term liabilities, including bonds payable and compensated absences, are not due and payable in the current period and therefore are not reported in the funds.”

The details of this \$(150,144,398) difference are as follows:

| | |
|---|-------------------------|
| Bonds payable and related charges | \$ (69,140,000) |
| Bond premium, net | (2,848,632) |
| Deferred loss on refunding, net of amortization | 276,366 |
| Capital leases payable | (2,679,516) |
| Accrued interest payable | (860,079) |
| Compensated absences | (5,431,228) |
| Net pension liability | (71,942,366) |
| Deferred outflow related to pensions | 23,137,974 |
| Deferred inflow related to pensions | (16,624,248) |
| Other post employment benefits | <u>(4,032,669)</u> |
| Net adjustment to reconcile fund balance - total governmental funds to arrive at net position - governmental activities | <u>\$ (150,144,398)</u> |

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Cont'd)

Explanation of certain differences between the governmental fund balance sheet and the government-wide statements of net position (Cont'd)

Another element of that reconciliation explains that “internal service funds are used by management to charge the costs of general liability, group health, workers’ compensation, GIS/IT services, fleet services, vehicle replacement and media development to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.”

The details of this \$7,049,843 difference are as follows:

| | | |
|--|----|-------------------------|
| Net position of the internal service funds | \$ | 9,067,829 |
| Less: Internal net payable representing charges in excess of cost to business-type activities - prior years | | (2,295,184) |
| Internal net receivable representing charges in excess of cost to business-type activities - current year | | <u>277,198</u> |
| Net adjustment to increase fund balance - total governmental funds to arrive at net position - governmental activities | \$ | <u><u>7,049,843</u></u> |

Explanation of certain differences between the government fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances-total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains, governmental funds report capital outlays as expenditures. It further states that in the statement of activities these capital outlays, as well as contributed assets, are recorded as capital assets in which their acquisition costs (or fair value if donated) are allocated over their estimated useful lives as depreciation expense.

The details of the \$2,493,935 difference are as follows:

| | | |
|--|----|-------------------------|
| Capital outlay | \$ | 12,897,687 |
| Donated assets and transferred assets, net book value | | 381,556 |
| Depreciation expense | | <u>(10,785,308)</u> |
| Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities | \$ | <u><u>2,493,935</u></u> |

Another element of that reconciliation states the “issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.”

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Cont'd)

Explanation of certain differences between the government fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities (Cont'd)

The details of this \$6,494,930 difference are as follows:

| | |
|--|---------------------|
| Debt issued or incurred: | |
| Transferred capital lease | (96,511) |
| Principal repayments: | |
| General obligation debt | 4,945,000 |
| Capital lease financing | 1,771,872 |
| Amortization of bond related costs | |
| Net premium/discount | 384,503 |
| Deferred loss on refunding | <u>(509,934)</u> |
| Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities | <u>\$ 6,494,930</u> |

Another element of that reconciliation states, "Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds."

The details of this \$(317,136) difference are as follows:

| | |
|--|---------------------|
| Compensated absences | \$ (235,400) |
| Other post employment benefits | (59,627) |
| Accrued interest | <u>(22,109)</u> |
| Net adjustment to decrease fund balance - total governmental funds to arrive at net assets - governmental activities | <u>\$ (317,136)</u> |

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

The City Council adopts an annual operating budget, which can be amended by the Council throughout the year. Legal budgets are adopted for each of the City's funds except for the Housing Assistance Fund. The level of budgetary control (the level at which expenditures may not exceed budget) is the fund level. The Director of Finance and/or the City Manager are authorized to approve a transfer of budgeted amounts within departments; however, any revisions that alter the total expenditures of any fund must be approved by the City Council. Unencumbered appropriations for annual budgets lapse at fiscal year-end.

Encumbrances outstanding at year-end are reported as assigned fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

The City prepares its annual operating budget based on the cash and available resources method (budget basis) which differs from generally accepted accounting principles (GAAP basis). In order to provide a meaningful comparison of actual results to the budget, the Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual-Budget Basis for the General Fund presents the actual and actual-budget basis amounts in comparison with the original and final budgets.

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Cont'd)

Deficit Fund Equity

The Transit Fund had a deficit fund balance of \$17,392 as of September 30, 2017. The City plans to cover the deficit fund equity of the Transit Fund through transfers from the General Fund until the Transit Fund receives their reimbursement from the Federal and State governments.

IV. DETAILED NOTES ON ALL FUNDS

NOTE 1: DEPOSITS AND INVESTMENTS

Cash and investments as of September 30, 2017 consist of and are classified in the accompanying financial statements as follows:

| | |
|--------------------------------------|----------------|
| Statement of net position: | |
| Primary Government | |
| Cash and cash equivalents | \$ 7,604,384 |
| Restricted cash and cash equivalents | 10,173,688 |
| Investments | 40,340,746 |
| Restricted investments | 17,774,734 |
| | 75,893,552 |
| Component Units * | |
| Cash and cash equivalents | 56,629 |
| Restricted cash and cash equivalents | 18,000 |
| Investments | 15,462,324 |
| Restricted investments | 44,577,682 |
| | 60,114,635 |
| Total Cash and Investments | \$ 136,008,187 |

* Component units include the discretely presented component unit, LEDCO, and the blended component unit, Longview Firemen's Relief and Retirement Fund (reported as a Fiduciary Fund). Longview Transit Management, Inc. has no cash or investments to report as of September 30, 2017.

Custodial Credit Risk

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require that deposits in financial institutions be fully collateralized by U.S. Government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a fair value of not less than the principal amount of deposits. As of September 30, 2017, the City and its component units' deposits were covered by Federal Depository Insurance or by collateral held by a third party custodian.

In the case of investments, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's cash is invested with the Texas Local Government Investment Pool ("TexPool"), the Texas Cooperative Liquid Assets Securities System Trust ("Texas CLASS"), and in certificates of deposit.

CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 1: DEPOSITS AND INVESTMENTS (Cont'd)

Custodial Credit Risk (Cont'd)

Under the TexPool Participation Agreement, administrative and investment services to TexPool are provided by Federated Investors, Inc. through an agreement with the State of Texas Comptroller of Public Accounts. The State Comptroller is the sole officer, director, and shareholder of the Texas Treasury Safekeeping Trust Company authorized to operate TexPool. The reported value of the pool is the same as the fair value of the pool shares. TexPool is subject to annual review by an independent auditor consistent with the Public Funds Investment Act. Audited financial statements of the Pool are available at First Public, 12008 Research Blvd., Austin, Texas 78759. In addition, TexPool is subject to review by the State Auditor's Office and by the Internal Auditor of the Comptroller's Office.

The City invests in the Texas Cooperative Liquid Assets Securities System Trust (Texas CLASS) which was created as an investment pool for its participants in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. Texas CLASS is directed by an advisory board composed of both participants in Texas CLASS and other persons who have no business relationship with Texas CLASS. Texas CLASS operates in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940. Texas CLASS uses amortized cost rather than market value to report net position to compute share prices. Accordingly, the fair value of the position in Texas CLASS is the same as the value of Texas CLASS shares.

Credit Risk

This is the risk that an issuer of an investment will be unable to fulfill its obligations. The rating of securities by nationally recognized rating agencies is designed to give an indication of credit risk. It is the government's policy to limit its investments to those investments rated at least AAAM. The credit quality rating for both TexPool and Texas CLASS at year end was AAAM by Standard & Poor's.

Interest Rate Risk

In accordance with its investment policy, the City, specifically the primary government, manages its exposure to declines in fair market values by limiting weighted average maturity of portfolio to a period of up to two years, and maturities to a period of up to five years. As of September 30, 2017, all of the primary government's investments were invested for a period less than five years, and the weighted average maturity was less than two years.

Concentration of Credit Risk

This is the risk of loss attributed to the magnitude of the government's investment in a single issuer (i.e., lack of diversification). Concentration risk is defined as positions of 5 percent (5%) or more in the securities of a single issuer. It is the government's policy to not allow for a concentration of credit risk. Investments issued by the U.S. Government and investments in investment pools are excluded from the 5 percent (5%) disclosure requirement. The government is not exposed to concentration of credit risk.

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE 1: DEPOSITS AND INVESTMENTS (Cont'd)

Concentration of Credit Risk (Cont'd)

At year end, the government's investment balances were as follows:

| Investment Type | Fair Value | Weighted Average Maturity (Years) |
|----------------------------------|-----------------------|--------------------------------------|
| Primary government | | |
| Money market | \$ 27,835,180 | |
| TexPool | 840,359 | 0.101 |
| Texas CLASS | 8,146,528 | 0.148 |
| Certificate of Deposits | <u>21,293,413</u> | 0.630 |
| Total primary government | 58,115,480 | |
| Component units | | |
| Money market | 22,816,490 | |
| Equity securities | 10,044,758 | |
| Mutual funds and comingled funds | 11,982,074 | |
| Alternative investments | <u>15,196,684</u> | |
| Total component units | <u>60,040,006</u> | |
| Total Reporting Entity | <u>\$ 118,155,486</u> | |

Under provisions of state and local statutes, the City's investment policies and provisions of the City's depository contracts with an area financial institution, the City is authorized to place available deposits and investments in the following:

1. Obligations of the U.S., its agencies and instrumentalities;
2. Certificates of Deposit issued by state and national banks or savings or loan associations domiciled in this state that are guaranteed or insured by the Federal Deposit Insurance Corporation or collateralized in accordance with Section 2256.010, the Texas Government Code;
3. No-load money market mutual funds; and
4. TexPool, Lone Star Investment Pool and Texas CLASS

The City Council has adopted a written investment policy regarding the investments of its funds as defined by the Public Investment Act of 1995 (Chapter 2256, Texas Government Code). In addition, the component units have adopted written investment policies as well. The Longview Firemen's Relief and Retirement Fund authorizes different investment types than the City; however, the pension assets are required to conform with the Texas laws governing such investments for the Fund, specifically, Article 6243e of Vernon's Texas Civil Statutes. Additional disclosures related to the investment policies of the component units are disclosed in their separately issued financial reports.

The investments of the City are in compliance with the Council's investment policies. The City did not have any derivative investment products during the current year. All significant legal and contractual provisions for investments were complied with during the year. Investments at year-end are representative of the types of investments maintained by the City during the year.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The fair value hierarchy for valuation inputs gives the highest priority to quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE 1: DEPOSITS AND INVESTMENTS (Cont'd)

Concentration of Credit Risk (Cont'd)

A summary of the City's investments under the requirements of the fair value hierarchy follows:

| | Assets at Fair Value as of September 30, 2017 | | | |
|----------------------------------|---|---------------|---------|---------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Primary Government: | | | | |
| Money market funds | \$ 27,835,180 | \$ - | \$ - | \$ 27,835,180 |
| TexPool | - | 840,359 | - | 840,359 |
| Texas CLASS | - | 8,146,528 | - | 8,146,528 |
| Certificates of Deposit | - | 21,293,413 | - | 21,293,413 |
| Total investments at fair value | \$ 27,835,180 | \$ 30,280,300 | \$ - | \$ 58,115,480 |
| Component Units: | | | | |
| Money market funds | \$ 22,816,490 | \$ - | \$ - | 22,816,490 |
| Equity securities | 10,044,758 | - | - | 10,044,758 |
| Mutual funds and comingled funds | 8,752,959 | 3,229,115 | - | 11,982,074 |
| Alternative investments | - | 15,196,684 | - | 15,196,684 |
| Total investments at fair value | \$ 41,614,207 | \$ 18,425,799 | \$ - | \$ 60,040,006 |

The money market funds, equity securities and mutual funds categorized as Level 1 are based on quoted market values of the shares held in the active market where the securities and individual funds are traded. Certificates of deposit categorized as Level 2 are valued by discounting the related cash flows based on current yields of similar instruments with comparable durations considering the credit-worthiness of the issuer. The comingled funds and alternative investments, categorized as Level 2, are valued principally from inputs from other than quoted prices that are observable for the assets.

NOTE 2: PROPERTY TAXES

Property taxes are levied on October 1 on assessed (appraised) value listed as of the prior January 1 for all real and business personal property located within the City and are due and payable at that time. Taxable assessed value represents the appraisal value less applicable exemptions authorized by the City Council. All unpaid taxes attach as a lien on property as of January 1 and become enforceable February 1. Penalty and interest is charged at 7 percent on delinquent taxes beginning February 1 and increase each month to 18 percent on July 1. Current tax collections for the year ended September 30, 2017, were 98.25% of the tax levy.

Appraised values are established by the Gregg County District at 100 percent of estimated market value and certified by the Appraisal Review Board. The assessed value less exemptions for the tax roll of January 1, 2017, upon which the original 2017 levy was based, was \$5,422,663,862.

City property tax revenues are recorded as receivables and deferred revenues at the time the tax levy is billed. Current year revenues recognized are those collected within the current period, or soon enough thereafter to pay current liabilities, generally within sixty days after year-end. An allowance is provided for delinquent personal property taxes not expected to be collected in the future.

For the fiscal year ended September 30, 2017, the City had tax a rate of \$0.50990 per \$100 valuation with a tax margin of \$1.9901 per \$100 valuation based upon a maximum ad valorem tax of \$2.50 per \$100 valuation permitted by Article XI, Section 5, of the State of Texas Constitution.

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE 2: PROPERTY TAXES (Cont'd)

In Texas, countywide central appraisal districts are required to assess all property within the appraisal district on the basis of 100 percent of its appraised value and are prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed every three years. The City may challenge appraised values established by the appraisal district through various appeals, and, if necessary, legal action. Under this system, the City sets tax on City property. However, if the effective tax rate, excluding tax rates for bonds and other contractual obligations, adjusted for new improvements, exceeds the rate for the previous year by more than 8 percent, qualified voters of the City may petition for an election to determine whether to limit the tax rate to no more than 8 percent above the tax rate of previous years.

NOTE 3: RECEIVABLES

Receivables at September 30, 2017 for the government's individual major funds and non-major and internal service funds in the aggregate, including the applicable allowance for uncollectible accounts, consist of the following:

| | General | Debt Service | Capital Projects | Nonmajor Governmental Funds | Water Utilities | Solid Waste Disposal | Internal Service | Total |
|---------------------------------------|--------------|-----------------|---------------------|-----------------------------------|--------------------|----------------------------|---------------------|---------------|
| Receivables: | | | | | | | | |
| Taxes | \$763,204 | \$685,470 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,448,674 |
| Sales taxes | 3,554,700 | - | - | 888,676 | - | - | - | 4,443,376 |
| Hotel taxes | | | | 224,987 | | | | 224,987 |
| Franchise fees | 1,217,205 | | | 118,081 | | | | 1,335,286 |
| Trade accounts | | | | | 2,458,411 | 401,926 | | 2,860,337 |
| Unbilled trade accts | | | | | 2,173,280 | 323,903 | | 2,497,183 |
| Municipal court | 1,853,239 | | | | | | | 1,853,239 |
| Ambulance | 1,697,952 | | | | | | | 1,697,952 |
| Other | 94,157 | | 19,552 | 4,244 | 24,556 | 31,797 | 202,876 | 377,182 |
| Gross receivables | 9,180,457 | 685,470 | 19,552 | 1,235,988 | 4,656,247 | 757,626 | 202,876 | 16,738,216 |
| Less: Allowance for uncollectibles | 2,262,066 | 6,854 | - | - | 25,434 | 6,712 | - | 2,301,066 |
| Receivables, net | \$ 6,918,391 | \$ 678,616 | \$ 19,552 | \$ 1,235,988 | \$ 4,630,813 | \$ 750,914 | \$ 202,876 | \$ 14,437,150 |

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE 4: CAPITAL ASSETS

Capital assets activity for governmental activities for the year ended September 30, 2017, was as follows:

| | Balance at Beginning of Year | Additions | Retirements | Transfers And Reclassifications | Balance at End of Year |
|--|------------------------------------|---------------------|-------------------|---------------------------------------|------------------------------|
| Governmental activities: | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land | \$ 5,130,767 | \$ 398,057 | \$ - | \$ - | \$ 5,528,824 |
| Construction in progress | 18,072,013 | 9,134,261 | 424,026 (3) | (14,344,606) | 12,437,642 |
| Total capital assets, not being depreciated: | <u>23,202,780</u> | <u>9,532,318</u> | <u>424,026</u> | <u>(14,344,606)</u> | <u>17,966,466</u> |
| Capital assets, being depreciated: | | | | | |
| Buildings and improvements | 97,927,403 (1) | 836,361 | 127,272 | 12,141 | 98,648,633 |
| Infrastructure | 147,795,971 (1) | 981,538 | - | 13,136,003 | 161,913,512 |
| Equipment | 52,105,616 | 2,539,777 (4) | 3,474,411 | 1,553,111 (2) | 52,724,093 |
| Total capital assets being depreciated | <u>297,828,990</u> | <u>4,357,676</u> | <u>3,601,683</u> | <u>14,701,255</u> | <u>313,286,238</u> |
| Less accumulated depreciation for: | | | | | |
| Buildings and improvements | 49,602,557 (1) | 4,550,568 | 118,439 | - | 54,034,686 |
| Infrastructure | 104,616,895 (1) | 4,697,674 | - | - | 109,314,569 |
| Equipment | 35,805,294 | 2,982,076 | 3,201,039 | 148,172 (2) | 35,734,503 |
| Total accumulated depreciation | <u>190,024,746</u> | <u>12,230,318</u> | <u>3,319,478</u> | <u>148,172</u> | <u>199,083,758</u> |
| Total capital assets, being depreciated, net | <u>107,804,244</u> | <u>(7,872,642)</u> | <u>282,205</u> | <u>14,553,083</u> | <u>114,202,480</u> |
| Governmental activities capital assets, net | <u>\$ 131,007,024</u> | <u>\$ 1,659,676</u> | <u>\$ 706,231</u> | <u>\$ 208,477</u> | <u>\$ 132,168,946</u> |

- (1) These amounts have been adjusted for the prior period adjustment discussed in Note 14.
- (2) The Transfers and Reclassifications include transfers of motorola assets from and to other funds in the amount of a net decrease of \$9,752 for Internal Service Funds and net increase of \$92,355 for capital assets in governmental activities not included in fund financials.
- (3) Retirements of construction in progress include the transference of a roadway to the Texas Department of Transportation. \$424,026 was transferred and included in special items on the Statement of Activities.
- (4) Additions include donated capital assets of \$117,00 for the veteran wall and \$46,328 for the x-ray machine in the Animal Shelter.

CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 4: CAPITAL ASSETS (Cont'd)

Capital assets activity for business-type activities for the year ended September 30, 2017, was as follows:

| | <u>Balance at Beginning of Year</u> | <u>Transfers And Additions</u> | <u>Transfers And Retirements</u> | <u>Balance at End of Year</u> |
|--|---|--|--|---------------------------------------|
| Business-type activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 765,576 | \$ - | \$ - | \$ 765,576 |
| Construction in progress | <u>448,461</u> | <u>2,283,188</u> | <u>451,643</u> | <u>2,280,006</u> |
| Total capital assets, not being depreciated: | <u>1,214,037</u> | <u>2,283,188</u> | <u>451,643</u> | <u>3,045,582</u> |
| Capital assets, being depreciated: | | | | |
| Buildings | 21,592,860 | 23,500 | - | 21,616,360 |
| Water and sewer systems | 207,995,149 (1) | 453,643 | 5,235,871 | 203,212,921 |
| Machinery and equipment | <u>38,858,451</u> | <u>345,953 (2)</u> | <u>5,354,960 (2)</u> | <u>33,849,444</u> |
| Total capital assets being depreciated: | <u>268,446,460</u> | <u>823,096</u> | <u>10,590,831</u> | <u>258,678,725</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | 18,758,178 | 165,764 | - | 18,923,942 |
| Water and Sewer Systems | 120,478,376 (1) | 6,654,566 | 5,231,663 | 121,901,279 |
| Machinery and equipment | <u>28,254,777</u> | <u>1,765,079 (2)</u> | <u>5,265,038 (2)</u> | <u>24,754,818</u> |
| Total accumulated depreciation | <u>167,491,331</u> | <u>8,585,409</u> | <u>10,496,701</u> | <u>165,580,039</u> |
| Total capital assets, being depreciated, net | <u>100,955,129</u> | <u>(7,762,313)</u> | <u>94,130</u> | <u>93,098,686</u> |
| Business-type capital assets, net | <u>\$ 102,169,166</u> | <u>\$ (5,479,125)</u> | <u>\$ 545,773</u> | <u>\$ 96,144,268</u> |

(1) These amounts have been adjusted for the prior period adjustment discussed in Note 14.

(2) The Transfers and Additions/Retirements include transfers of motorola assets from and to other funds in the amount of a net decrease of \$92,192 for Water Utilities and net increase of \$9,052 for Sanitation.

CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 4: CAPITAL ASSETS (Cont'd)

Capital assets activity for the component unit for the year ended September 30, 2017, was as follows:

| | <u>Balance at Beginning of Year</u> | <u>Transfers And Additions</u> | <u>Transfers And Retirements</u> | <u>Balance at End of Year</u> |
|---|---|--|--|---------------------------------------|
| Longview Economic Development Corporation: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 5,190,296 | \$ 51,350 | \$ - | \$ 5,241,646 |
| Construction in progress | - | (1) - | - | - |
| Total capital assets, not being depreciated: | <u>5,190,296</u> | <u>51,350</u> | <u>-</u> | <u>5,241,646</u> |
| Capital assets, being depreciated: | | | | |
| Buildings and improvements | 135,578 | 9,299 | - | 144,877 |
| Equipment | 185,149 | - | - | 185,149 |
| Infrastructure | <u>4,595,607</u> | (1) - | - | <u>4,595,607</u> |
| Total capital assets, being depreciated: | <u>4,916,334</u> | <u>9,299</u> | <u>-</u> | <u>4,925,633</u> |
| Less accumulated depreciation: | | | | |
| Buildings and improvements | 107,249 | 6,137 | - | 113,386 |
| Equipment | 169,699 | 1,798 | - | 171,497 |
| Infrastructure | <u>1,596,210</u> | (1) <u>251,891</u> | - | <u>1,848,101</u> |
| Total accumulated depreciation | <u>1,873,158</u> | <u>259,826</u> | <u>-</u> | <u>2,132,984</u> |
| Total capital assets, being depreciated, net | <u>3,043,176</u> | <u>(250,527)</u> | <u>-</u> | <u>2,792,649</u> |
| Capital assets, net | <u>\$ 8,233,472</u> | <u>\$ (199,177)</u> | <u>\$ -</u> | <u>8,034,295</u> |

(1) These amounts have been adjusted for the prior period adjustment discussed in Note 14.

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE 4: CAPITAL ASSETS (Cont'd)

Depreciation expense was charged to functions/programs of the primary government as follows:

| | |
|--|----------------------|
| Governmental activities: | |
| General Government | \$ 144,186 |
| Public Safety | 1,657,046 |
| Public Works | 5,274,893 |
| Development | 327,313 |
| Public Welfare | 82,555 |
| Culture and Recreation | 3,008,300 |
| Public Transit | 291,015 |
| Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets | <u>1,445,010</u> |
| Total depreciation expense - governmental activities | <u>\$ 12,230,318</u> |
| Business-type activities: | |
| Water Utilities | \$ 7,667,822 |
| Solid Waste Disposal | 894,312 |
| Nonmajor funds - Longview Recreation Fund | <u>6,972</u> |
| Total depreciation expense - business-type activities | <u>\$ 8,569,106</u> |

NOTE 5: DEFINED BENEFIT PENSION PLANS

Texas Municipal Retirement System

Plan Description

The City participates as one of 866 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

All eligible employees of the city are required to participate in TMRS.

Benefits provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the City-financed monetary credits, with interest, were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE 5: DEFINED BENEFIT PENSION PLANS (Cont'd)

Texas Municipal Retirement System (Cont'd)

Benefits provided (Cont'd)

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

| | <u>Plan Year 2015</u> | <u>Plan Year 2016</u> |
|--|------------------------------|------------------------------|
| Employee deposit rate | 7% | 7% |
| Matching ratio (city to employee) | 2 to 1 | 2 to 1 |
| Years required for vesting | 5 | 5 |
| Service retirement eligibility (expressed as age/years of service) | 60/5, 0/20 | 60/5, 0/20 |
| Updated Service Credit | 100% Repeating, Transfers | 100% Repeating, Transfers |
| Annuity Increase (to retirees) | 70% of CPI Repeating | 70% of CPI Repeating |

Employees covered by benefit terms

At the December 31, 2016 valuation and measurement date, the following employees were covered by the benefit terms:

| | |
|--|---------------------|
| Inactive employees or beneficiaries currently receiving benefits | <u>2016</u> 470 |
| Inactive employees entitled to but not yet receiving benefits | 289 |
| Active employees | <u>665</u> |
| Total | <u><u>1,424</u></u> |

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 10.56% and 10.06% in calendar years 2017 and 2016, respectively. The city's contributions to TMRS for the year ended September 30, 2017, were \$3,305,877, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2016, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The Total Pension Liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions:

| | |
|---------------------------|--|
| Inflation | 2.5% per year |
| Overall payroll growth | 3.0% per year |
| Investment Rate of Return | 6.75%, net of pension plan investment expense, including inflation |

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE 5: DEFINED BENEFIT PENSION PLANS (Cont'd)

Net Pension Liability (Cont'd)

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with males rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Actuarial assumptions used in the December 31, 2016, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation. After the Asset Allocation Study analysis and experience investigation study, the Board amended the long-term expected rate of return on pension plan investments from 7% to 6.75%. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). At its meeting on July 30, 2015, the TMRS Board approved a new portfolio target allocation. The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return (Arithmetic) |
|-----------------------|-------------------|--|
| Domestic Equity | 17.50% | 4.80% |
| International Equity | 17.50% | 6.05% |
| Core Fixed Income | 10.00% | 1.50% |
| Non-Core Fixed Income | 20.00% | 3.50% |
| Real Return | 10.00% | 1.75% |
| Real Estate | 10.00% | 5.25% |
| Absolute Return | 10.00% | 4.25% |
| Private Equity | 5.00% | 8.50% |
| Total | 100.00% | |

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE 5: DEFINED BENEFIT PENSION PLANS (Cont'd)

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in the statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in Net Pension Liability

| | Increase (Decrease) | | |
|--|--------------------------------|------------------------------------|-------------------------------------|
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a)-(b) |
| Balance 12/31/15 | \$ 163,301,037 | \$ 142,689,522 | \$ 20,611,515 |
| Changes for the year: | | | |
| Service costs | 4,593,624 | - | 4,593,624 |
| Interest | 10,896,320 | - | 10,896,320 |
| Changes of benefit terms | - | - | - |
| Difference between expected and actual experience | 61,173 | - | 61,173 |
| Changes of assumptions | - | - | - |
| Contributions - employer | - | 3,169,672 | (3,169,672) |
| Contributions - employee | - | 2,249,554 | (2,249,554) |
| Net investment income | - | 9,640,128 | (9,640,128) |
| Benefit payments, including refunds of employee contributions | (8,341,759) | (8,341,759) | - |
| Administrative expense | - | (108,908) | 108,908 |
| Other changes | - | (5,868) | 5,868 |
| Net changes | 7,209,358 | 6,602,819 | 606,539 |
| Balance at 12/31/16 | \$ 170,510,395 | \$ 149,292,341 | \$ 21,218,054 |

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

| | 1% Decrease in Discount Rate (5.75%) | Discount Rate (6.75%) | 1% Increase in Discount Rate (7.75%) |
|------------------|--|--------------------------|--|
| City Net Pension | \$ 43,437,421 | \$ 21,218,054 | \$ 2,790,156 |

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmr.com.

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE 5: DEFINED BENEFIT PENSION PLANS (Cont'd)

Pension expense and deferred outflows of resources related to pensions

For the year ended September 30, 2017, the City recognized pension expense of \$7,063,420 related to the TMRS Plan.

At September 30, 2017, the City reported deferred outflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources |
|---|-----------------------------------|
| Difference in assumption changes | \$ 1,460,591 |
| Differences between expected and actual economic experience | 6,689,601 |
| Difference between projected and actual investment earnings | 288,928 |
| Contributions subsequent to the measurement date | 2,453,466 |
| Total | \$ 10,892,586 |

\$2,453,466 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability for the year ending September 30, 2017. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

| Year ended Dec 31 |
|-------------------|
| 2018 \$ 3,339,797 |
| 2019 3,091,649 |
| 2020 2,007,322 |
| 2021 352 |
| 2022 - |
| \$ 8,439,120 |

Supplemental Death Benefits Fund

The City and the Hospital also participate in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an "other postemployment benefit," or OPEB.

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SBDF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers.

The City's contribution to TMRS SDBF for the years ended 2017, 2016, and 2015 were \$3,228,807, \$3,114,030 and \$3,107,826, respectively, which equaled the required contributions each year.

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE 5: DEFINED BENEFIT PENSION PLANS (Cont'd)

Longview Firemen's Relief and Retirement Fund (LFRRF)

Plan Description

The Longview Firemen's Relief and Retirement Fund (Plan) is a single-employer defined benefit pension plan. It is administered by a seven-member Board of Trustees (Board), which includes the mayor or his appointee, the City finance director or their representative, three firefighters elected by active members, and two citizens elected by the Board. The Board oversees the Plan and sets policies for its operation, including appointing management and directing investments. LFRRF issues a separate financial report which may be obtained from the City of Longview Finance Department.

A firefighter shall become a member when he/she first becomes employed with the Longview Fire Department.

The Plan's year end is December 31. Therefore, the Plan information herein is reported as of December 31, 2016.

Benefits Provided

The Plan provides retirement, termination, disability and death benefits.

The normal retirement eligibility date is the attainment of age 50 and the completion of 20 years of service. At normal retirement, a member's benefit is 80% of their average monthly salary plus a longevity benefit equal to \$80 per month for each year of service in excess of 20 years. The average monthly salary is calculated using the highest 60 consecutive months of service. A Deferred Retirement Option Program (DROP) is also available to eligible members with 20 or more years of service.

A member may retire early at the age of 45 with 20 years of service, in which their member benefit will be multiplied by an actuarial reduction factor based on their age at the time of commencement.

In the event the City does not provide a disability program and the member is qualified to receive a disability retirement benefit, the member may apply to receive a monthly retirement benefit of \$100 in accordance with Plan provisions.

Upon the death of a member, whether active, retired, or disabled, a benefit is payable to his/her beneficiaries commencing on the date of death. Benefits are available to the spouse and dependent children, or dependent parents.

Employees covered by benefit terms

As of the most recent measurement date, December 31, 2016, the membership consisted of the following:

| | 2016 | 2015 |
|--|------|------|
| Inactive employees or beneficiaries currently receiving benefits | 141 | 137 |
| Inactive employees entitled to but not yet receiving benefits | 1 | 1 |
| Active employees | 175 | 175 |
| Total | 317 | 313 |

Contributions

Contribution provisions are authorized by the Texas Local Firefighters Retirement Act of 1937 (Act). The Act provides the authority and procedure to change the amount of contributions determined as a percentage of pay by each firefighter and a percentage of payroll by the City. While the contributions are not actuarially determined, state law requires that each plan of benefits adopted by the Plan must be approved by an eligible actuary. The actuary certifies that the contribution commitment by the firefighters and the City provides an adequate financing arrangement.

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE 5: DEFINED BENEFIT PENSION PLANS (Cont'd)

**Longview Firemen's Relief and Retirement Fund (LFRRF) (Cont'd)
Contributions (Cont'd)**

Schedule of Contributions

| | | |
|---|--------------------|-----|
| Reporting Period | September 30, 2017 | |
| Measurement Date | December 31, 2016 | |
| Contractually required contribution: | | |
| City | 2,105,902 | 17% |
| Members | 1,986,998 | 16% |
| Contribution made during measurement period | | |
| City | 2,105,902 | 17% |
| Members | 1,986,998 | 16% |
| Contribution Deficiency (Excess) | \$ | - |

Net Pension Liability

The Net Pension Liability (NPL) is the difference between the Total Pension Liability (TPL) and the plan's Fiduciary Net Position (FNP). The TPL is the present value of pension benefits that are allocated to current members due to past service by the entry age normal actuarial cost method. The TPL includes benefits related to projected salary and service. The FNP is determined on the same basis used by the pension plan. The City's Net Pension Liability was measured as of December 31, 2016 and the Total Pension Liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Net Pension Liability

| | |
|-------------------------|-------------------|
| Measurement Date | December 31, 2016 |
| Total Pension Liability | \$ 96,737,789 |
| Fiduciary Net Position | (41,056,538) |
| Net Pension Liability | \$ 55,681,251 |

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE 5: DEFINED BENEFIT PENSION PLANS (Cont'd)

Actuarial Assumptions

The Total Pension Liability was determined by an actuarial valuation as of December 31, 2016 using the following actuarial assumptions applied to all measurement periods:

| | <u>2016</u> | <u>2015</u> |
|---------------------------|---------------|-------------|
| Inflation | 2.30% | 3.00% |
| Salary increases | Service Based | 3.00% |
| Discount rate | 7.13% | 5.76% |
| Investment rate of return | 8.00% | 8.00% |

Mortality Rates - Healthy Lives: RP2000 projected 10 years for blue collar members

Mortality Rates - Disables Lives: RP2000 Disability Mortality Table set forward 10 years

Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These rates are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and the best estimates of arithmetic real rates of return for each major asset class as of December 31, 2016 are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return (Arithmetic)</u> |
|-------------------------|--------------------------|--|
| Fixed Income | 30.00% | 2.70% |
| Equities | 45.00% | 8.00% |
| Alternative Investments | 25.00% | 7.13% |
| | <u>100.00%</u> | |

Discount Rate

The projection of cash flows used to determine the discount rate assumes that current plan member and employer contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The expected rate of return on pension plan investments is 8%; the municipal bond rate is 3.78% (based on the weekly rate closest to but not later than the measure date of the bond buyer 20-bond index as published by the Federal Reserve); and the resulting single discount rate is 7.13%.

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE 5: DEFINED BENEFIT PENSION PLANS (Cont'd)

Schedules of Changes in Net Pension Liability

Changes in the City's Net Pension Liability presented below are calculated on the same basis as the plan. The Change in Net Pension Liability for the fiscal year ended September 30, 2017 is as follows:

Changes in Net Pension Liability

| | Increase (Decrease) | | |
|--|--------------------------------|------------------------------------|-------------------------------------|
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a)-(b) |
| Balance 12/31/15 | \$ 86,844,626 | \$ 41,812,699 | \$ 45,031,927 |
| Changes for the year: | | | |
| Service costs | 1,634,710 | - | 1,634,710 |
| Interest | 6,830,915 | - | 6,830,915 |
| Changes of benefit terms | - | - | - |
| Difference between expected and actual experience | 627,424 | - | 627,424 |
| Changes of assumptions | 6,985,902 | - | 6,985,902 |
| Contributions - employer | - | 2,105,902 | (2,105,902) |
| Contributions - employee | - | 1,986,998 | (1,986,998) |
| Net investment income | - | 1,452,965 | (1,452,965) |
| Benefit payments, including refunds of employee contributions | (6,185,788) | (6,185,788) | - |
| Administrative expense | - | (116,238) | 116,238 |
| Other changes | - | - | - |
| Net changes | 9,893,163 | (756,161) | 10,649,324 |
| Balance at 12/31/16 | \$ 96,737,789 | \$ 41,056,538 | \$ 55,681,251 |

The following presents the Net Pension Liability for the Plan, calculated using the discount rate, as well as what the City's net position would have been if it were calculated using a discount rate that is 1-percent-point lower and 1-percent-point higher than the current rate.

| | 1% Decrease in Discount Rate (6.13%) | Discount Rate (7.13%) | 1% Increase in Discount Rate (8.13%) |
|--------------------|--|--------------------------|--|
| City's net pension | \$ 67,578,809 | \$ 55,681,251 | \$ 45,725,085 |

The Plan's Fiduciary Net Position is reported in the Fiduciary Fund Financial Statements beginning on page 39. Detailed information about the Plan is available in a separately-issued Longview Firemen's Relief and Retirement Fund financial report, which can be obtained by writing the City of Longview Finance Department.

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE 5: DEFINED BENEFIT PENSION PLANS (Cont'd)

Pension expense and deferred outflows of resources related to pensions

For the year ended September 30, 2017, the city recognized pension expense of \$2,534,377 for the LFRRF.

At September 30, 2017, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|-----------------------------------|----------------------------------|
| Differences in assumption changes | \$ 5,987,916 | \$ 16,624,248 |
| Differences between expected and actual economic experience | 1,116,208 | - |
| Difference between projected and actual investment earnings | 6,181,156 | - |
| Contributions subsequent to the measurement date | 1,518,300 | - |
| Total | \$ 14,803,580 | \$ 16,624,248 |

The outcome of the deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended September 30, 2017. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|-------------------------|-----------------------------------|----------------------------------|
| Year ended December 31: | | |
| 2018 | \$ 2,354,239 | \$ (3,158,076) |
| 2019 | 2,354,239 | (3,158,076) |
| 2020 | 1,814,649 | (3,158,076) |
| 2021 | 594,973 | (3,158,076) |
| 2022 | 89,632 | 997,986 |
| Thereafter | 89,632 | 997,986 |
| | \$ 7,297,364 | \$ (10,636,332) |

Plan Provisions

Effective January 1, 2016 the member contribution rate increased from 15% to 16% of earnings and then again, effective October 1, 2016, the member contribution rate increased from 16% to 17% of earnings. Also effective January 1, 2016, all future new hires accrue benefits under a Tier 2 benefit structure. Key provisions of the approved Tier 2 benefit structure are listed on the table below:

| Benefit | Tier 2 |
|--------------------------|---------------------------|
| Normal retirement age | 55/20 |
| AFC period | 5 years |
| Benefit accrual rate | 3% per year |
| Maximum accrual rate | 75% of AFC |
| Longevity supplement | \$80/month after 25 years |
| Member contribution rate | 15% |
| Vesting requirement | 20 years |
| Maximum DROP Period | 3 years |

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE 6: DEFERRED COMPENSATION

The City offers its executive employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457, which is administered by Nationwide Retirement Solutions, Inc. Due to the fact that the City does not administer this plan, the plan is not included in the City's financial statements.

NOTE 7: POST EMPLOYMENT BENEFITS

Pursuant to City Ordinance, the City provides postretirement health care benefits to eligible employees who retire from the City with at least 20 years of service with the City of Longview. Currently, 153 retirees meet those eligibility requirements. Premiums are paid by the City of Longview and claims are processed by the City's third-party administrator and paid through the Health Claims Fund. Over age 65 retirees receive coverage through a fully insured Medicare Supplement and an Enhanced Medicare Part D Plan. Under the Enhanced Medicare Part D Plan the Retirees Prescription Drugs are reimbursed under the City's Plan through Medicare Part D.

Expenses for postretirement health care benefits are recognized on a pay-as-you-go basis. The cost of retiree health care incurred by the City amounted to \$1,669,456 for the year ended September 30, 2017.

The annual OPEB cost associated with the City's retiree health care costs for the current year is as follows:

| | OPEB |
|---|--------------|
| Annual required contribution | \$ 1,977,424 |
| Interest on net OPEB obligation | 198,695 |
| Adjustments to annual required contribution | (438,067) |
| Annual OPEB cost | 1,738,052 |
| | |
| Employer contribution | (1,669,456) |
| Increase in net OPEB obligation | 68,596 |
| | |
| Net OPEB obligation, beginning of year | 4,967,379 |
| Net OPEB obligation, end of year | \$ 5,035,975 |

Three-Year Trend Information for OPEB

| Fiscal Year Ended September 30 | Annual OPEB Cost | Employer Amount Contributed | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation |
|--------------------------------------|------------------------|-----------------------------------|--|------------------------|
| 2015 | 1,563,292 | 1,523,256 | 97% | 4,925,857 |
| 2016 | 1,740,053 | 1,698,531 | 98% | 4,967,379 |
| 2017 | 1,738,052 | 1,669,456 | 96% | 5,035,975 |

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE 7: POST EMPLOYMENT BENEFITS (Cont'd)

Funded Status

The funded status as of September 30, 2017, the most recent actuarial valuation date, is as follows:

| Year Ended September 30 | (1) Actuarial Value of Assets | (2) Actuarial Accrued Liability (AAL) | (3) Funded Ratio (1) / (2) | (4) Unfunded AAL (UAAL) (2)-(1) | (5) Covered Payroll | (5) UAAL as a Percentage of Covered Payroll (4) / (5) |
|----------------------------|--|--|-------------------------------------|--|---------------------------|---|
| 2017 | \$ - | \$ 20,675,859 | 0.0% | \$ 20,675,859 | \$ 36,985,179 | 55.9% |

Actuarial Methods and Assumptions

The Projected Unit Credit actuarial cost method is used to calculate the GASB Annual Required Contribution (ARC) for the City's retiree health care plan. Using the plan benefits, the present health premiums and a set of actuarial assumptions, the anticipated future payments are projected. The projected unit credit method then provides for a systematic recognition of the cost of these anticipated payments. The yearly ARC is computed to cover the cost of benefits being earned by covered members as well as to amortize a portion of the unfunded accrued liability.

Projections of health benefits are based on the plan as understood by the city and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the City and its employees to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets. Significant methods and assumptions are as follows:

| | |
|----------------------------|--|
| Inflation rate | 2.5% per annum |
| Investment rate of return | 4.5%, net of expenses |
| Actuarial cost method | Projected unit credit cost method |
| Amortization method | Level dollar |
| Amortization period | 15 - year closed amortization |
| Salary Growth | NA |
| Healthcare cost trend rate | Initial rate of 7.5% declining to an ultimate rate of 5.25% after 11 years |

Actuarial Methods and Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status and the annual required contributions of the City's retiree health care plan are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE 8: LEASE OBLIGATIONS

Governmental Activities

The City has entered into lease agreements, as lessee, for financing the acquisition of fire trucks, E911 consoles, and Motorola radio equipment. These leases qualify as capital leases for accounting purposes and, therefore have been recorded as such in the government-wide financial statements. The equipment acquired through capital lease, \$3,965,781 net of accumulated depreciation, is included within Note 4.

Future minimum lease payments are as follows:

Capital Lease Obligation:

| Fiscal Year Ending September 30, | Governmental Activities | | |
|-------------------------------------|-------------------------|-------------------|---------------------|
| | Principal | Interest | Total |
| 2018 | \$ 343,663 | \$ 99,009 | \$ 442,672 |
| 2019 | 356,364 | 86,358 | 442,722 |
| 2020 | 369,536 | 73,238 | 442,774 |
| 2021 | 383,194 | 59,634 | 442,828 |
| 2022 | 397,357 | 47,122 | 444,479 |
| 2023-2027 | 839,315 | 46,813 | 886,128 |
| | <u>\$ 2,689,429</u> | <u>\$ 412,174</u> | <u>\$ 3,101,603</u> |

Business Type Activities

The City has entered into lease agreements, as lessee, for financing the acquisition of sanitation trucks and Motorola radio equipment. These leases qualify as capital leases for accounting purposes and, therefore have been recorded as such in the government-wide financial statements. The equipment acquired through capital lease, \$2,602,546 net of accumulated depreciation, is included within Note 4. Future minimum lease payments are as follows:

Capital Lease Obligation:

| Fiscal Year Ending September 30, | Business-type Activities | | |
|--|--------------------------|------------------|---------------------|
| | Principal | Interest | Total |
| 2018 | \$ 561,232 | \$ 30,899 | \$ 592,131 |
| 2019 | 570,495 | 21,636 | 592,131 |
| 2020 | 61,287 | 12,194 | 73,481 |
| 2021 | 63,552 | 9,929 | 73,481 |
| 2022 | 65,901 | 7,581 | 73,482 |
| 2023-2027 | 139,198 | 7,763 | 146,961 |
| Total | <u>\$ 1,461,665</u> | <u>\$ 90,002</u> | <u>\$ 1,551,667</u> |

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE 9: LONG-TERM DEBT

Governmental activities:

A summary of long-term debt transactions, including current portion, for the year ended September 30, 2017 are as follows:

| | Balance September 30, 2016 | Additions | Retirements | Balance September 30, 2017 | Amounts Due Within One Year |
|--|----------------------------------|----------------------|------------------------|----------------------------------|-----------------------------------|
| <u>Governmental activities</u> | | | | | |
| General obligation and certificates of obligation | \$ 74,085,000 | \$ - | \$ (4,945,000) | \$ 69,140,000 | \$ 4,930,000 |
| Less: bond premiums | 3,233,135 | - | (384,503) | 2,848,632 | 87,066 |
| Total bonds payable | 77,318,135 | - | (5,329,503) | 71,988,632 | 5,017,066 |
| Capital lease obligation | 4,375,427 | 88,128 | (1,774,126) | 2,689,429 | 343,663 |
| Accrued Compensated Absences | 5,326,493 | 5,506,289 | (5,249,374) | 5,583,408 | 769,078 |
| Claims payable | 1,681,479 | 8,618,583 | (9,159,140) | 1,140,922 | 1,140,922 |
| Net pension liability - TMRS | 16,562,115 | 5,675,720 | (5,188,343) | 17,049,492 | - |
| Net pension liability - LFRRF | 45,031,927 | 16,195,189 | (5,545,865) | 55,681,251 | - |
| Other post-employment benefits obligation | 4,120,889 | 60,525 | - | 4,181,414 | - |
| Total governmental activities | <u>\$ 154,416,465</u> | <u>\$ 36,144,434</u> | <u>\$ (32,246,351)</u> | <u>\$ 158,314,548</u> | <u>\$ 7,270,729</u> |

The General Fund generally liquidates about 92% of the compensated absences payable. The remaining 8% is liquidated by other governmental and internal service funds. The claims liability is reported in the General Liability, Group Health, and Workers' Compensation Funds and will be liquidated by those funds respectively. The net pension liability – TMRS and the Other post-employment benefits obligation are liquidated primarily by the General Fund, but other governmental funds liquidate a pro rata portion of the liability based on the retirees in each cost center. The net pension liability – LFRRF is intended to be liquidated by the Fiduciary Fund (Pension Trust Fund) and any shortages would be the responsibility of the City and ultimately funded by the General Fund.

The principal and interest requirements at September 30, 2017 of the general obligation debt for the next five years and thereafter are as follows:

| Fiscal Year Ending September 30, | Governmental Activities | | |
|-------------------------------------|-------------------------|----------------------|----------------------|
| | Principal | Interest | Total |
| 2018 | \$ 4,930,000 | \$ 2,325,450 | \$ 7,255,450 |
| 2019 | 5,060,000 | 2,195,579 | 7,255,579 |
| 2020 | 5,185,000 | 2,069,043 | 7,254,043 |
| 2021 | 5,370,000 | 1,882,313 | 7,252,313 |
| 2022 | 5,515,000 | 1,738,628 | 7,253,628 |
| 2023-2027 | 22,725,000 | 6,025,707 | 28,750,707 |
| 2028-2032 | 18,265,000 | 2,193,930 | 20,458,930 |
| 2033-2037 | 2,090,000 | 83,600 | 2,173,600 |
| Total | <u>\$ 69,140,000</u> | <u>\$ 18,514,250</u> | <u>\$ 87,654,250</u> |

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE 9: LONG-TERM DEBT (Cont'd)

Governmental activities (Cont'd)

Long-term debt at September 30, 2017, includes the following individual issues (not including unamortized premiums of \$2,848,632):

| General Long-Term Debt: | Interest Rates | Original Issue | Net Retirement | Outstanding September 30, 2017 |
|----------------------------------|-------------------|-----------------------|---------------------|--------------------------------------|
| General Obligation Bonds: | | | | |
| Issue of 2007/maturing 2022 | 4.00-5.00 | \$ 14,790,000 | \$ 1,250,000 | \$ - |
| Issue of 2009/maturing 2025 | 3.50-4.15 | 11,250,000 | 880,000 | 880,000 |
| Issue of 2011/maturing 2030 | 2.7 | 22,400,000 | 715,000 | 19,185,000 |
| Issue of 2013/maturing 2033 | 0.360-4.100 | 23,170,000 | 110,000 | 22,805,000 |
| Issue of 2014/maturing 2019 | 1.4 | 5,975,000 | 1,465,000 | 3,055,000 |
| Issue of 2015/maturing 2022 | 2.00-5.00 | 9,660,000 | 375,000 | 8,490,000 |
| Issue of 2016/maturing 2031 | 2.00-5.00 | 14,875,000 | 150,000 | 14,725,000 |
| Total general obligation | | <u>\$ 102,120,000</u> | <u>\$ 4,945,000</u> | <u>\$ 69,140,000</u> |

Business Type Activities:

A summary of long-term debt transactions, including current portion, for the year ended September 30, 2017 are as follows:

| | Balance September 30, 2016 | Additions | Retirements | Balance September 30, 2017 | Amounts Due Within One Year |
|--|----------------------------------|---------------------|-----------------------|----------------------------------|-----------------------------------|
| <u>Business-type activities</u> | | | | | |
| Waterworks and Sewer System - Revenue bonds | \$ 50,665,000 | \$ - | \$ (4,685,000) | \$ 45,980,000 | \$ 3,830,000 |
| Less: bond premiums | 2,888,017 | - | (360,528) | 2,527,489 | 468,273 |
| Total bonds payable | <u>53,553,017</u> | <u>-</u> | <u>(5,045,528)</u> | <u>48,507,489</u> | <u>4,298,273</u> |
| Capital lease obligation | 2,112,798 | - | (651,131) | 1,461,667 | 561,233 |
| Accrued Compensated Absences | 1,115,809 | 1,143,710 | (1,022,460) | 1,237,059 | 185,559 |
| Net Pension Liability - TMRS | 4,049,400 | 1,387,700 | (1,268,537) | 4,168,563 | - |
| Other post-employment benefits obligation | <u>846,490</u> | <u>8,071</u> | <u>-</u> | <u>854,561</u> | <u>-</u> |
| Total business-type activities | <u>\$ 61,677,514</u> | <u>\$ 2,539,481</u> | <u>\$ (7,987,656)</u> | <u>\$ 56,229,339</u> | <u>\$ 5,045,065</u> |

CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 9: LONG-TERM DEBT (Cont'd)

The principal and interest requirements at September 30, 2017 of the revenue bond debt for the next five years and thereafter are as follows:

| Fiscal Year Ending September 30, | Business-type Activities | | |
|--|--------------------------|---------------------|----------------------|
| | Principal | Interest | Total |
| 2018 | \$ 3,830,000 | \$ 1,396,625 | \$ 5,226,625 |
| 2019 | 3,925,000 | 1,290,350 | 5,215,350 |
| 2020 | 3,985,000 | 1,197,175 | 5,182,175 |
| 2021 | 4,035,000 | 1,101,025 | 5,136,025 |
| 2022 | 4,110,000 | 1,007,494 | 5,117,494 |
| 2023-2027 | 19,715,000 | 3,055,393 | 22,770,393 |
| 2028-2032 | <u>6,380,000</u> | <u>223,400</u> | <u>6,603,400</u> |
| Total | <u>\$ 45,980,000</u> | <u>\$ 9,271,462</u> | <u>\$ 55,251,462</u> |

Long-term debt at September 30, 2017, includes the following individual issues (not including unamortized premiums of \$2,527,491):

Water Utilities Debt:

| | Interest Rates | Original Issue | Net Retirement | Outstanding September 30, 2017 |
|-----------------------------|-------------------|----------------------|---------------------|--------------------------------------|
| Revenue Bonds: | | | | |
| Issue of 2007/Maturing 2028 | 4.00-4.375 | \$ 12,540,000 | \$ 775,000 | \$ 800,000 |
| Issue of 2010/Maturing 2017 | 2.50-3.00 | 4,185,000 | 170,000 | - |
| Issue of 2011/Maturing 2028 | 3.00-4.00 | 6,000,000 | 230,000 | 5,240,000 |
| Issue of 2012/Maturing 2024 | 2.00-2.75 | 8,300,000 | 585,000 | 6,465,000 |
| Issue of 2015/Maturing 2029 | 2.00-4.00 | 31,950,000 | 2,900,000 | 24,475,000 |
| Issue of 2016/Maturing 2028 | 2.00-5.00 | 9,025,000 | 25,000 | 9,000,000 |
| Total revenue bonds | | <u>\$ 72,000,000</u> | <u>\$ 4,685,000</u> | <u>\$ 45,980,000</u> |

Federal Arbitrage

General obligation bond and combination tax revenue bonds are subject to provisions of the Internal Revenue Code of 1986 and related arbitrage and interest income tax regulations under these provisions.

CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 9: LONG-TERM DEBT (Cont'd)

Discretely Presented Component Unit:

A summary of long-term debt transactions, including current portion, for the year ended September 30, 2017 are as follows:

| | Balance September 30, 2016 | Additions | Retirements | Balance September 30, 2017 | Amounts Due Within One Year |
|--------------------------------|----------------------------------|----------------------|---------------------|----------------------------------|-----------------------------------|
| Sales tax revenue bonds | \$ 6,390,000 | \$ 10,000,000 | \$ 6,390,000 | \$ 10,000,000 | \$ 855,000 |
| Net premium(discount) on bonds | (4,746) | - | (4,746) | - | - |
| | <u>6,385,254</u> | <u>10,000,000</u> | <u>6,385,254</u> | <u>10,000,000</u> | <u>855,000</u> |
| Accrued Compensated absences | 11,894 | 22,879 | 15,008 | 19,765 | 19,765 |
| Economic incentives payable | <u>6,981,466</u> | <u>650,000</u> | <u>1,992,300</u> | <u>5,639,166</u> | <u>3,664,816</u> |
| Total governmental activities | <u>\$ 13,378,614</u> | <u>\$ 10,672,879</u> | <u>\$ 8,392,562</u> | <u>\$ 15,658,931</u> | <u>\$ 4,539,581</u> |

The principal and interest requirements at September 30, 2017, for the component unit debt for the next five years and, thereafter, are as follows:

| Fiscal Year Ending September 30, | Principal | Interest | Total |
|-------------------------------------|----------------------|---------------------|----------------------|
| 2018 | \$ 855,000 | \$ 246,363 | \$ 1,101,363 |
| 2019 | 855,000 | 217,563 | 1,072,563 |
| 2020 | 877,000 | 187,762 | 1,064,762 |
| 2021 | 903,000 | 155,794 | 1,058,794 |
| 2022 | 927,000 | 249,469 | 1,176,469 |
| 2023-2030 | <u>5,583,000</u> | <u>596,915</u> | <u>6,179,915</u> |
| | <u>\$ 10,000,000</u> | <u>\$ 1,653,866</u> | <u>\$ 11,653,866</u> |

On April 15, 2017, the Organization issued \$10,000,000 of sales tax revenue refunding and improvement bonds ("Series 2017"), to be used for the purpose of refinancing the 2009 sales tax revenue bonds ("Series 2009") and for future economic development improvements. The Series 2017 bonds mature September 15, 2030, with interest payable each March 15 and September 15. Interest rates on the series 2017 bonds range from 3.75% to 4.75%.

Of the \$10,000,000 proceeds, \$5,873,000 (less issuance costs of \$74,223) was used to defease the Series 2009 bonds resulting in \$4,127,000 (less issuance costs of \$51,587) remaining to be used for future economic development construction.

In addition to the net bond proceeds of \$5,798,777, LEDCO also deposited cash on hand in the amount of \$708,031 into an irrevocable escrow account. This \$6,506,808 was used to defease the outstanding principal amount of \$6,360,000 and remaining interest due of \$116,808. As a result, the Series 2009 bonds are considered to be defeased and the escrowed assets and the liability for the bonds have been removed from these financial statements. LEDCO achieved a cash flow difference and an economic gain of \$298,571 as a result of the refunding. As of September 30, 2017, the 2009 Series bonds had been redeemed in full.

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE 9: LONG-TERM DEBT (Cont'd)

Pledged Revenues

The City intends to retire all of its general long-term liabilities, plus interest, from ad valorem taxes and current revenues. General obligation bonds are direct obligations and pledge the full faith and credit of the government. The proprietary fund type long-term debt will be repaid, plus interest, from the operating revenues of the Water Utilities Fund. The component unit's long-term debt, plus interest, will be paid from current sales tax revenue.

The City is in compliance with all significant requirements, regulations and restrictions related to long-term bond debt.

Prior Year Defeased Debt

In prior years, the government defeased \$17,790,000 of general obligation and revenue bonds by placing the proceeds of the new bonds in an irrevocable trust account to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the government's financial statements. At September 30, 2017, \$18,122,085 of defeased bonds remains outstanding.

NOTE 10: TAX ABATEMENTS

The City is authorized by Section 312.002 of the Texas Tax Code and City Resolution No. 5030 to enter into property tax abatement agreements for the purpose of enhancing the competitiveness and expansion of businesses. Tax abatements, which cannot exceed a term of ten years, must be a minimum capital investment of \$100,000, and provide at least ten new full-time jobs to the Longview labor force. The possible abatement amount is based on the amount of the capital investment, minimum annual payroll, and number of jobs created. Based on that criteria, a business could possibly be granted an abatement of 20 to 100 percent. The City Council approves all abatements. The amount of the abatement is automatically deducted from the property owner's tax bill. The City recaptures a prorated amount of abated taxes if these conditions are not met.

In connection with a distribution center that offers products for home improvement, agriculture, lawn and garden maintenance, and pet care, there is a commitment to make improvements to the property in the Longview Business Park. The improvement is expected to result in a total minimum capital investment of \$5,000,000 and the initial creation of 10 full-time jobs.

For the year ended September 30, 2017, the City abated property taxes totaling \$2,383,380 under this program, including the following tax abatement agreement:

| Type Business | Purpose | Percent Abated | Amount Abated |
|----------------------|---|---------------------------|--------------------------|
| Tractor Supply, Inc. | Improvements to the existing distribution center | 50% | \$ 2,383,380 |

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE 11: INTERFUND TRANSACTIONS

The composition of interfund balances at September 30, 2017, is as follows:

| | Due from | | |
|----------------|-----------------|-------------------|-------------------|
| | General | Other Non-Major | Total |
| Due to: | | | |
| General | \$ - | \$ 417,070 | \$ 417,070 |
| Debt Service | 9,637 | - | 9,637 |
| Other Nonmajor | - | 166,888 | 166,888 |
| | <u>\$ 9,637</u> | <u>\$ 583,958</u> | <u>\$ 593,595</u> |

Significant interfund balances relate to the following:

- (1) An interfund balance was created to offset negative cash balances in the other non-major funds, as they wait for their grant reimbursements, of:
 - \$18,559 Transit fund
 - \$168,730 Community Development Block Grant fund
 - \$229,781 Grants fund
- (2) Interfund balances exist among the non-major funds to account for grant funds due to the City from the Housing fund in the amount of \$166,888.

During fiscal year ending September 30, 2014, the Water Utilities Fund loaned \$2,370,244 to the Sanitation Fund, payable over five years, for the purchase of recycling bins to be used in the new Simplified Collection Program. This interfund loan is recorded as an advance payable/receivable in the proprietary funds statement of net position. At September 30, 2017 the outstanding balance is \$1,264,130.

Transfers between funds during the year were as follows:

| | Transfers In | | |
|-----------------------|-------------------|-----------------------|---------------------|
| | Governmental | | |
| | General | Nonmajor Governmental | Total |
| Transfers Out: | | | |
| General | \$ - | \$ 350,000 | \$ 350,000 |
| Capital Projects | 738,573 | - | 738,573 |
| Nonmajor governmental | 140,869 | - | 140,869 |
| | <u>\$ 879,442</u> | <u>\$ 350,000</u> | <u>\$ 1,229,442</u> |

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE 11: INTERFUND TRANSACTIONS (Cont'd)

Significant amounts transferred between funds related to the following activities:

- (1) \$738,573 was transferred from the Capital Projects fund to the General fund for park and other projects qualifying for economic development funds.
- (2) \$140,869 was transferred from the Nonmajor funds to the General fund for the following purposes:
 - \$86,615 from Grants fund for reimbursement of Assistance to Firefighters grant match never received.
 - \$51,060 from Animal Services Donations fund to cover General fund Animal Services expenditures.
 - \$3,193 from Police Special fund for reimbursement of auction revenue.
- (3) \$350,000 was transferred from the General fund to the Nonmajor funds for the following purposes:
 - \$300,000 was transferred for the City's match on federal and state transit funding.
 - \$50,000 was transferred to Convention Visitor's Bureau for operational expenditures.

NOTE 12: COMMITMENTS AND CONTINGENCIES

Grant Audits

The City received federal and state grants for special purposes that are subjected to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. City management believes such disallowances, if any, would be insignificant.

Construction Commitments

The City has active construction projects as of September 30, 2017. The projects include street construction, park construction, drainage construction, and the construction of water and sewer facilities. At year-end the City's commitments with contractors are as follows:

| <u>Project</u> | <u>Spent to-Date</u> | <u>Remaining Commitment</u> |
|--------------------|--------------------------|---------------------------------|
| Streets/Traffic | \$ 8,989,000 | \$ 7,877,260 |
| Parks/Facilities | 1,743,749 | 645,987 |
| Water & Wastewater | 2,454,154 | 3,838,188 |
| Drainage | 224,830 | 168,030 |
| | <u>\$ 13,411,733</u> | <u>\$ 12,529,465</u> |

The street construction projects and municipal facilities construction projects are funded by permanent bond proceeds. The park construction projects are funded by permanent bond proceeds and park fee revenues. Water and sewer construction projects are funded by revenue bond proceeds and cash from operating revenues of the water and sewer system. Drainage construction projects are funded by a voter approved ¼ cent sales tax for development of new and expanded business enterprises.

Water Purchase Contracts

The City has the following commitments for the purchase of raw water:

| <u>Provider</u> | <u>Minimal amount purchases (before escalation clauses)</u> | <u>Contract Expiration Date</u> |
|---|---|---|
| Sabine River Authority | 651,750 | January 1, 2049 |
| Cherokee Water Company | 886,315 | September 20, 2035 |
| Northeast Texas Municipal Water District | 342,144 | April 19, 2045 |

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE 12: COMMITMENTS AND CONTINGENCIES (Cont'd)

Encumbrances

Other significant commitments include encumbrances outstanding for the following governmental funds:

| | <u>General Fund</u> | <u>Capital Projects</u> | <u>Non Major</u> |
|------------------------|---------------------|-------------------------|-------------------|
| Streets Projects | \$ 204,647 | \$ 7,877,260 | \$ - |
| Animal Shelter | - | - | 1,275 |
| Public Safety | 6,000 | 54,413 | 1,607 |
| Traffic Projects | - | - | - |
| Drainage Projects | - | 168,030 | - |
| Transit Projects | - | - | 82,688 |
| Rec and Parks Projects | 23,021 | 100,223 | 495,339 |
| Development Projects | 305,610 | - | 318,524 |
| Facility projects | 181,726 | - | - |
| Other | 15,000 | - | - |
| Net changes | <u>\$ 736,004</u> | <u>\$ 8,199,926</u> | <u>\$ 899,433</u> |

Litigation

The City is party to various claims and litigations arising in the ordinary course of its operations. Management, based on counsel's opinion, believes the City has adequate legal defense and/or insurance coverage with respect to each of these actions and does not believe that they will materially alter the City's financial position, as a whole.

Letter of Credit

The City entered into a letter of credit on July 25, 2016 in the amount of \$1,854,000 for the purpose of collateralization of public unit deposits which are maintained directly by Third Coast Bank. The expiration of the letter of credit is July 31, 2018. As of the date of this report, there have been no draws against the letter of credit.

NOTE 13: RISK MANAGEMENT

The City's risk management activities are administered through various internal service funds.

Worker's Compensation

The City uses the Workers Compensation Fund to account for contributions from departments for coverage and payment of premiums, claims and administration costs. The City's workers' compensation insurance is purchased through participation in the TML Intergovernmental Risk Pool. The City pays an annual contribution to the plan, in annual installments, in advance for coverage. TML is responsible for the administration of the plan. The City was self-insured for worker's compensation prior to October 1, 1999 and still have claims pending from the self-insured period. TML was contracted to handle the administration of these claims, but the City is required to pay for any distributions related to these claims. The City has accrued a liability of \$58,582 for the payment of future claims related to the self-insurance period.

Group Health

The City is self-insured for health and dental coverage. The City's group health plan provides City employees with health and dental insurance through the Group Health and Life Insurance Fund (the "GHF"). The premiums for insurance coverage are paid from funds obtained from payroll deductions and charges to City departments and participating employees. The City utilizes an independent administrator for the plan and is self-insured up to \$125,000 per participant and \$10,124,881 in the aggregate at September 30, 2017. The City has accrued a liability of \$976,504 for estimated unreported claims at September 30, 2017.

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE 13: RISK MANAGEMENT (Cont'd)

General Liability

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; error and omissions; injuries to citizens; and natural disasters. The City participates in the TML, which provides general liability, errors and omissions, automobile liability, law enforcement liability, public officials' liability, and real and personal property coverage. The TML is responsible for all fund business on behalf of TML members and shall maintain adequate protection from catastrophic losses to protect its financial integrity. The City has agreed to adopt and accept the coverages, provisions, terms, conditions, exclusions and limitations as provided for in the TML Self-Insurance Plan. The City also agrees to pay the annual contribution to the fund, in annual installments, in advance.

Both parties have a right to terminate this agreement. The City maintains an accrued liability for general liability claims to cover insurance deductibles and potential claims outside of the insurance coverage. The liability accrued for these items was \$105,836 at September 30, 2017. Settlements have not exceeded coverages for the past 4 years.

Changes in the balance of claims liabilities during fiscal 2016 and 2017 are as follows:

| Fund | Liability Beginning of Year | Claims and Changes in Estimates | Claim payments and Changes in Estimates | Liability End of Year |
|-----------------------|-----------------------------------|---------------------------------------|---|-----------------------------|
| <u>2017</u> | | | | |
| General Liability | \$ 33,175 | \$ 658,920 | \$ 586,259 | \$ 105,836 |
| Workers' Compensation | 67,760 | 419,133 | 428,311 | 58,582 |
| Group Health | 1,580,544 | 6,999,974 | 7,604,014 | 976,504 |
| Total | <u>\$ 1,681,479</u> | <u>\$ 8,078,027</u> | <u>\$ 8,618,584</u> | <u>\$ 1,140,922</u> |
| <u>2016</u> | | | | |
| General Liability | \$ 150,000 | \$ 276,280 | \$ 393,105 | \$ 33,175 |
| Workers' Compensation | 74,706 | 558,616 | 565,562 | 67,760 |
| Group Health | 1,041,310 | 11,290,585 | 10,751,351 | 1,580,544 |
| Total | <u>\$ 1,266,016</u> | <u>\$ 12,125,481</u> | <u>\$ 11,710,018</u> | <u>\$ 1,681,479</u> |

NOTE 14: PRIOR PERIOD ADJUSTMENT

Discretely Presented Component Unit

LEDSCO, a discretely presented component unit of the City, recorded a prior period adjustment in their financial statements for the year ended September 30, 2017. In prior years, as construction on the Longview Business Park and the North Business Park were completed, LEDSCO dedicated the public infrastructure they had constructed within those parks to the City when the plats were filed. As such, LEDSCO effectively conveyed the rights and obligations (i.e. ownership) of those assets to the City; therefore, those assets should have been removed from LEDSCO's capital asset listing. For this adjustment, costs and accumulated depreciation related to the infrastructure were removed and recorded as an adjustment to beginning net position and fund balance in the net amount of \$4,624,758.

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE 14: PRIOR PERIOD ADJUSTMENT (Cont'd)

Government-Wide

The City did not record the dedication of infrastructure, within the North Business Park, in their financial statements. As such, the City has recorded a prior period adjustment to reflect the additions of those assets and their accumulated depreciation through September 30, 2016. The table below provides detail of the net prior period adjustment.

| | <u>Infrastructure</u> | <u>Improvements</u> | <u>Accumulated Depreciation</u> | <u>Prior Period Adjustment</u> |
|--------------------------|-----------------------|---------------------|-------------------------------------|------------------------------------|
| Governmental Activities | \$ 4,553,794 | \$ 96,617 | \$ (527,839) | \$ 4,122,572 |
| Business-Type Activities | 713,549 | - | (88,345) | 625,204 |
| | <u>\$ 5,267,343</u> | <u>\$ 96,617</u> | <u>\$ (616,184)</u> | <u>\$ 4,747,776</u> |

The difference between the assets removed from LEDCO and added to the City is related to the Longview Business Park which had already been recorded by the City. In addition, LEDCO and the City have different depreciation policies; therefore, the net book value of the assets being removed and added will not be the same.

(This page intentionally left blank)

**REQUIRED
SUPPLEMENTARY INFORMATION
(UNAUDITED)**

CITY OF LONGVIEW, TEXAS

TEXAS MUNICIPAL RETIREMENT SYSTEM
 REQUIRED SUPPLEMENTAL INFORMATION
 SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

LAST 10 FISCAL YEARS*

(UNAUDITED)

| | 12/31/2014 | 12/31/2015 | 12/31/2016 |
|---|-----------------------|-----------------------|-----------------------|
| Total Pension Liability | | | |
| Service Cost | \$ 3,778,731 | \$ 4,103,003 | \$ 4,593,624 |
| Interest (on the Total Pension Liability) | 10,103,220 | 10,620,763 | 10,896,320 |
| Changes of Benefit Terms | - | - | - |
| Differences Between Expected and Actual Experience | 948,510 | (11,718) | 61,173 |
| Changes of Assumptions | - | 2,950,991 | - |
| Benefit Payments, Including Refunds of Employee Contributions | (7,126,894) | (8,071,359) | (8,341,759) |
| Net Change in Total Pension Liability | <u>7,703,567</u> | <u>9,591,680</u> | <u>7,209,358</u> |
| Total Pension Liability - Beginning | 146,005,790 | 153,709,357 | 163,301,037 |
| Total Pension Liability - Ending (a) | <u>\$ 153,709,357</u> | <u>\$ 163,301,037</u> | <u>\$ 170,510,395</u> |
| Plan Fiduciary Net Position | | | |
| Contributions - Employer | \$ 3,193,102 | \$ 3,050,893 | \$ 3,169,672 |
| Contributions - Employee | 2,145,523 | 2,118,246 | 2,249,554 |
| Net Investment Income | 7,975,023 | 214,693 | 9,640,128 |
| Benefit Payments, Including Refunds of Employee Contributions | (7,126,894) | (8,071,359) | (8,341,759) |
| Administrative Expense | (83,268) | (130,783) | (108,908) |
| Other | (6,846) | (6,459) | (5,868) |
| Net Change in Plan Fiduciary Net Position | <u>6,096,640</u> | <u>(2,824,769)</u> | <u>6,602,819</u> |
| Plan Fiduciary Net Position - Beginning | 139,417,651 | 145,514,291 | 142,689,522 |
| Plan Fiduciary Net Position - Ending (b) | <u>\$ 145,514,291</u> | <u>\$ 142,689,522</u> | <u>\$ 149,292,341</u> |
| Net Pension Liability - Ending (a) - (b) | <u>\$ 8,195,066</u> | <u>\$ 20,611,515</u> | <u>\$ 21,218,054</u> |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 94.67% | 87.38% | 87.56% |
| Covered Payroll | \$ 30,650,330 | \$ 30,235,839 | \$ 32,100,794 |
| Net Pension Liability as a Percentage of covered Payroll | 26.74% | 68.17% | 66.10% |

* Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

CITY OF LONGVIEW, TEXAS

LONGVIEW FIREMEN'S RELIEF AND RETIREMENT FUND
 REQUIRED SUPPLEMENTAL INFORMATION
 SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
 LAST 10 FISCAL YEARS*

(UNAUDITED)

| | 12/31/2014 | 12/31/2015 | 12/31/2016 |
|---|-----------------------|----------------------|----------------------|
| Total Pension Liability | | | |
| Service Cost | \$ 2,461,547 | \$ 2,562,618 | \$ 1,634,710 |
| Interest | 5,985,503 | 6,180,033 | 6,830,915 |
| Changes of Benefit Terms | (2,623,533) | 34,875 | - |
| Differences Between Expected and Actual Experience | - | 867,622 | 627,424 |
| Changes of Assumptions | - | (24,936,371) | 6,985,902 |
| Contributions - Buy Back | 71,784 | - | - |
| Benefit Payments, Including Refunds of Employee Contributions | (5,437,240) | (5,117,793) | (6,185,788) |
| Net Change in Total Pension Liability | <u>458,061</u> | <u>(20,409,016)</u> | <u>9,893,163</u> |
| Total Pension Liability - Beginning | 106,795,581 | 107,253,642 | 86,844,626 |
| Total Pension Liability - Ending (a) | <u>\$ 107,253,642</u> | <u>\$ 86,844,626</u> | <u>\$ 96,737,789</u> |
| Plan Fiduciary Net Position | | | |
| Contributions - Employer | \$ 1,887,320 | \$ 2,073,574 | \$ 2,105,902 |
| Contributions - Employee | 1,769,363 | 1,838,268 | 1,986,998 |
| Contributions - Buy Back | 71,784 | - | - |
| Net Investment Income | 926,866 | (2,517,145) | 1,452,965 |
| Benefit Payments, Including Refunds of Employee Contributions | (5,437,240) | (5,117,793) | (6,185,788) |
| Administrative Expense | (116,460) | (118,575) | (116,238) |
| Other | 103,261 | 226,675 | - |
| Net Change in Plan Fiduciary Net Position | <u>(795,106)</u> | <u>(3,614,996)</u> | <u>(756,161)</u> |
| Plan Fiduciary Net Position - Beginning | 46,222,801 | 45,427,695 | 41,812,699 |
| Plan Fiduciary Net Position - Ending (b) | <u>\$ 45,427,695</u> | <u>\$ 41,812,699</u> | <u>\$ 41,056,538</u> |
| Net Pension Liability - Ending (a) - (b) | <u>\$ 61,825,947</u> | <u>\$ 45,031,927</u> | <u>\$ 55,681,251</u> |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 42.36% | 48.15% | 42.44% |
| Covered Payroll | \$ 11,767,235 | \$ 12,224,779 | \$ 12,308,076 |
| Net Pension Liability as a Percentage of covered Payroll | 525.41% | 368.37% | 452.40% |

* Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

CITY OF LONGVIEW, TEXAS
TEXAS MUNICIPAL RETIREMENT SYSTEM
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEARS*

(UNAUDITED)

| | 9/30/2015 | 9/30/2016 | 9/30/2017 |
|--|---------------|---------------|---------------|
| Actuarially Determined Contribution | \$ 2,819,998 | \$ 3,170,744 | \$ 3,305,877 |
| Contributions in relation to the actuarially determined contribution | 2,819,998 | 3,170,744 | 3,305,877 |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - |
| Covered payroll | \$ 27,976,170 | \$ 31,967,618 | \$ 32,327,223 |
| Contributions as a percentage of covered payroll | 10.08% | 9.92% | 10.23% |

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date:

Notes Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later

Methods and Assumptions Used to Determine Contribution Rates:

| | |
|-------------------------------|---|
| Actuarial Cost Method | Entry age normal |
| Amortization Method | Level Percentage of Payroll, Closed |
| Remaining Amortization Period | 30 years |
| Asset Valuation Method | 10 Year smoothed market; 15% soft corridor |
| Inflation | 2.50% |
| Salary Increases | 3.5% to 10.5% including inflation |
| Investment Rate of Return | 6.75% |
| Retirement Age | Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 205 valuation pursuant to an experienced study of the period 2010-2014 |
| Mortality | RP 2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generation basis with scale BB |

Other Information:

Notes There were no benefit changes during the year.

*Schedule is to show information for 10 years. Additional year will be displayed as they become available.

CITY OF LONGVIEW, TEXAS

**LONGVIEW FIREMEN'S RELIEF AND RETIREMENT FUND
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEARS***

(UNAUDITED)

| | <u>12/31/2014</u> | <u>12/31/2015</u> | <u>12/31/2016</u> |
|--|-------------------|-------------------|-------------------|
| Actuarially Determined Contribution | \$ 1,887,320 | \$ 2,073,574 | \$ 2,105,902 |
| Contributions in relation to the actuarially determined contribution | 1,887,320 | 2,073,574 | 2,105,902 |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered payroll | \$ 11,767,235 | \$ 12,224,779 | \$ 12,308,076 |
| Contributions as a percentage of covered payroll | 16.04% | 16.96% | 17.11% |

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date: 12/31/2015
Notes: Actuarially determined contribution rates are calculated as of December 31, one year prior to the end of the fiscal year in which contributions are reported

Methods and Assumptions Used to Determine Contribution Rates:

Funding method: Entry age normal actuarial cost method
 Actuarial asset method: Fair market value, net of investment-related expenses
 Salary increases: 3.0% per year
 Inflation (payroll growth): 3.0% per year for amortization of the unfunded actuarial accrued liability
 Interest rate: 8.0% per year, compounded annually, net of investment related expenses
 Retirement age: Members are assumed to retire at the later of age 52 or 20 years of service
 Marital status: 90% of actives are assumed to be married at the time of benefit commencement
 Termination dates: See table below
 Disability rates: See table below
 Mortality rates - healthy lives: RP2000 projected 10 years for blue collar members - sex distinct
 Mortality rates - disables lives: RP2000 disability mortality table set forward 10 years
 Other information: Termination and disability rate table

| <u>Age</u> | <u>% Terminating during the Year</u> | <u>% Becoming Disabled during the Year</u> |
|------------|--|--|
| 25 | 5.29% | 0.26% |
| 30 | 5.07% | 0.39% |
| 35 | 4.70% | 0.54% |
| 40 | 3.50% | 0.69% |
| 45 | 1.77% | 1.20% |
| 50 | 0.40% | 1.70% |
| 55 | 0.00% | 0.00% |

CITY OF LONGVIEW, TEXAS
OTHER POST-EMPLOYMENT BENEFITS
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF FUNDING PROGRESS

(UNAUDITED)

Historical trend information about the City's other post employment benefit liability is presented herewith as required supplementary information. This information is intended to help users assess the City's funding.

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Annual Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
|--------------------------------|--|---|------------------------------------|--------------------------|-------------------------------------|---|
| 9/30/2016 | \$ - | \$ 20,675,859 | \$ 20,675,859 | 0% | \$ 43,730,288 | 47.3% |
| 9/30/2014 | - | 20,217,880 | 20,217,880 | 0% | 36,361,030 | 55.6% |
| 9/30/2012 | - | 24,343,781 | 24,343,781 | 0% | 33,843,871 | 71.9% |
| 9/30/2010 | - | 26,199,626 | 26,199,626 | 0% | 34,143,079 | 76.7% |
| 9/30/2009 | - | 24,486,623 | 24,486,623 | 0% | 30,077,414 | 81.4% |

**COMBINING FUND FINANCIAL STATEMENTS
AND SCHEDULES**

(This page intentionally left blank)

NONMAJOR GOVERNMENTAL FUNDS SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes. The City has the following special revenue funds:

- **Municipal Court** - To account for the special revenue collected on all misdemeanors used to provide security at the municipal court building.
- **Community Development Block Grant** - To account for the operations of projects utilizing Community Development Block Grant Funds. Such revenue is restricted to expenditures for specified projects by the U. S. Department of Housing and Urban Development.
- **Housing Assistance Fund** - To account for the City's operations of the Housing Assistance program, which is sponsored by the U. S. Department of Housing and Urban Development.
- **Transit System** - To account for City receipts and expenditures related to the City's mass transit bus system.
- **Police Department Special** - To account for the special revenue from forfeited property seized in connection with violations of the Controlled Substances Act and for the disposition of such revenue.
- **E – 911** - To account for the special revenue received and expended to operate the City's emergency response system.
- **Hotel Occupancy Tax** - To account for the special revenue assessed on hotel/motel occupancy. The special assessment is provided by State statute, which restricts expenditures to specific uses.
- **Maude Cobb Activity Fund** - This fund accounts for the activities associated with the Maude Cobb Activity Center. This center is funded by the hotel occupancy tax, an interfund transfer by the General Fund and by user fees.
- **Drainage Sales Tax** - To account for a portion of the City's sales tax to be used on various drainage projects that promote the development of new and expanded business enterprises.
- **School Crossing Guard** - To account for court fees collected when a person is convicted of an offense within a school crossing zone. In a municipal court case these funds are required to be used for a school crossing guard program.
- **Special Revenue Grants** - To account for special revenue funds which are individually insignificant to the Special Revenue Funds assets, liabilities, revenues, expenditures and fund balance as a whole. These funds are the Home Investment Partnership grant, Shelter Plus Care grant, Metropolitan Planning Organization grant, State Homeland Security grant, Child Sexual Predator Program, Children of Prisoners grant, Department of Energy Block Grant, Rural Generator grant, Longview Train Station & Multimodal Center grant, ICAC V and VII grants, STEP Tobacco grant, Crisis Response grant, Lone Star Libraries, Bulletproof vests grant, Sexual Assault Nurse Exam grant, Mentoring Program grant, Highland Village Homeownership grant, and Miscellaneous grants.
- **Donations** - To account for restricted donations made to the City.
- **Federal Motor Carrier Violations** – To account for fines collected under the Federal Motor Carrier Safety Assistance Program.
- **Photo Enforcement Program - Red Flex** – To account for fines collected as a result of the traffic light cameras.
- **Cable Franchise Fee Agreement** - To account for the State-Issued Cable and Video Franchise Agreement which provides a 1% "Public Educational and Government" or PEG assessment on local cable bills through local cable television providers. The Cable Franchise Funds can only be used for specific equipment and resources related to providing quality television programming to the citizens of Longview.
- **Convention & Visitors Bureau** – To account for the activities of promoting the City of Longview to visitors and potential travelers to generate economic benefit through travel and tourism.
- **Animal Shelter Donations** – To account for donations received by the City that are restricted for use by the Animal Shelter.

CITY OF LONGVIEW, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017

| | <u>Municipal Court</u> | <u>Community Development Block Grant</u> | <u>Housing Assistance</u> | <u>Transit System</u> | <u>Police Department Special</u> |
|---|----------------------------|--|-------------------------------|-----------------------|--|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 26,020 | \$ - | \$ 1,686,791 | \$ - | \$ 75,182 |
| Investments | 19,445 | - | - | - | 56,188 |
| Accounts receivable, net | - | - | 4,084 | - | - |
| Due from other funds | - | - | - | - | - |
| Intergovernmental receivables | - | 199,619 | - | 116,330 | - |
| Total assets | <u>\$ 45,465</u> | <u>\$ 199,619</u> | <u>\$ 1,690,875</u> | <u>\$ 116,330</u> | <u>\$ 131,370</u> |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts payable | 1,000 | 26,443 | 1,305 | 115,163 | - |
| Accrued liabilities | - | 4,446 | - | - | - |
| Due to other funds | - | 168,730 | 166,888 | 18,559 | - |
| Other payables | - | - | - | - | 5,824 |
| Family self-sufficiency escrow | - | - | 55,634 | - | - |
| Total liabilities | <u>1,000</u> | <u>199,619</u> | <u>223,827</u> | <u>133,722</u> | <u>5,824</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Advance of grant funds | - | - | - | - | - |
| Unavailable revenue | - | - | 23,995 | - | - |
| Total deferred inflows of resources | <u>-</u> | <u>-</u> | <u>23,995</u> | <u>-</u> | <u>-</u> |
| Fund balances: | | | | | |
| Restricted for: | | | | | |
| Municipal court facilities | 44,465 | - | - | - | - |
| Purposes of grantors and donors | - | - | 1,443,053 | (17,392) | - |
| 911 Emergency operations | - | - | - | - | - |
| Tourism and convention facilities | - | - | - | - | - |
| PEG access channels | - | - | - | - | - |
| Other public safety | - | - | - | - | 125,546 |
| Committed to: | | | | | |
| Drainage improvements | - | - | - | - | - |
| Total fund balances | <u>44,465</u> | <u>-</u> | <u>1,443,053</u> | <u>(17,392)</u> | <u>125,546</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 45,465</u> | <u>\$ 199,619</u> | <u>\$ 1,690,875</u> | <u>\$ 116,330</u> | <u>\$ 131,370</u> |

CITY OF LONGVIEW, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017

| E-911 | Hotel Occupancy Tax | Maude Cobb Activity Fund | Drainage Sales Tax | School Crossing Guard | Grants | Donations | Federal Motor Carrier Violations |
|-------------------|------------------------|-----------------------------|-----------------------|-----------------------------|---------------------|------------------|--|
| \$ 290,528 | \$ 498,470 | \$ 303,774 | \$ 383,957 | \$ 18,182 | \$ - | \$ 30,132 | \$ 114,590 |
| 217,129 | 1,399,877 | 226,954 | 787,834 | 13,588 | - | 22,519 | 85,640 |
| 98,228 | 224,987 | 160 | 888,676 | - | - | - | - |
| - | - | - | - | - | 166,888 | - | - |
| - | - | - | - | - | 1,247,232 | - | - |
| <u>\$ 605,885</u> | <u>\$ 2,123,334</u> | <u>\$ 530,888</u> | <u>\$ 2,060,467</u> | <u>\$ 31,770</u> | <u>\$ 1,414,120</u> | <u>\$ 52,651</u> | <u>\$ 200,230</u> |
| 1,728 | 5,972 | 59,571 | 114,408 | - | 328,311 | 500 | 107 |
| 20,960 | 7,712 | 13,974 | 40,772 | 1,948 | 21,834 | - | - |
| - | - | - | - | - | 229,781 | - | - |
| - | - | 12,050 | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| <u>22,688</u> | <u>13,684</u> | <u>85,595</u> | <u>155,180</u> | <u>1,948</u> | <u>579,926</u> | <u>500</u> | <u>107</u> |
| - | - | - | - | - | 703,684 | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | 703,684 | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | 130,510 | 52,151 | - |
| 583,197 | - | - | - | - | - | - | - |
| - | 2,109,650 | 445,293 | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | 29,822 | - | - | 200,123 |
| - | - | - | 1,905,287 | - | - | - | - |
| <u>583,197</u> | <u>2,109,650</u> | <u>445,293</u> | <u>1,905,287</u> | <u>29,822</u> | <u>130,510</u> | <u>52,151</u> | <u>200,123</u> |
| <u>\$ 605,885</u> | <u>\$ 2,123,334</u> | <u>\$ 530,888</u> | <u>\$ 2,060,467</u> | <u>\$ 31,770</u> | <u>\$ 1,414,120</u> | <u>\$ 52,651</u> | <u>\$ 200,230</u> |

(continued)

(This page intentionally left blank)

CITY OF LONGVIEW, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
(Continued)
SEPTEMBER 30, 2017

| | <u>Red Flex</u> | <u>Cable Franchise</u> | <u>Convention & Visitors Bureau</u> | <u>Animal Shelter Donations</u> | <u>Totals</u> |
|--------------------------------------|-------------------|------------------------|---|---------------------------------|----------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 187,604 | \$ 72,548 | \$ 179,683 | \$ 8,853 | \$ 3,876,314 |
| Investments | 140,207 | 54,219 | 134,286 | 6,617 | 3,164,503 |
| Accounts receivable, net | - | 19,853 | - | - | 1,235,988 |
| Due from other funds | - | - | - | - | 166,888 |
| Intergovernmental receivables | - | - | - | - | 1,563,181 |
| Total assets | <u>\$ 327,811</u> | <u>\$ 146,620</u> | <u>\$ 313,969</u> | <u>\$ 15,470</u> | <u>\$ 10,006,874</u> |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts payable | - | 17,813 | 6,233 | - | 678,554 |
| Accrued liabilities | - | - | 8,149 | - | 119,795 |
| Due to other funds | - | - | - | - | 583,958 |
| Other payables | - | - | - | - | 17,874 |
| Family self-sufficiency escrow | - | - | - | - | 55,634 |
| Total liabilities | <u>-</u> | <u>17,813</u> | <u>14,382</u> | <u>-</u> | <u>1,455,815</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Advances of grant funds | - | - | - | - | 703,684 |
| Unavailable revenue | - | - | - | - | 23,995 |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>727,679</u> |
| Fund balances: | | | | | |
| Restricted for: | | | | | |
| Municipal court facilities | - | - | - | - | 44,465 |
| Purposes of grantors and donors | - | - | - | 15,470 | 1,623,792 |
| 911 Emergency operations | - | - | - | - | 583,197 |
| Tourism and convention facilities | - | - | 299,587 | - | 2,854,530 |
| PEG access channels | - | 128,807 | - | - | 128,807 |
| Other public safety | 327,811 | - | - | - | 683,302 |
| Committed to: | | | | | |
| Drainage improvements | - | - | - | - | 1,905,287 |
| Total fund balances | <u>327,811</u> | <u>128,807</u> | <u>299,587</u> | <u>15,470</u> | <u>7,823,380</u> |
| Total liabilities and fund balances | <u>\$ 327,811</u> | <u>\$ 146,620</u> | <u>\$ 313,969</u> | <u>\$ 15,470</u> | <u>\$ 10,006,874</u> |

CITY OF LONGVIEW, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

| | Municipal Court | Community Development Block Grant | Housing Assistance | Transit System | Police Department Special |
|--|--------------------|---|-----------------------|--------------------|---------------------------------|
| REVENUES | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental | - | 623,574 | 6,534,766 | 1,721,114 | - |
| Fines and forfeitures | 86,139 | - | - | - | 12,947 |
| Charges for services | - | - | - | 239,239 | - |
| Investment earnings | 511 | - | 5,207 | - | 669 |
| Miscellaneous | - | - | 193,419 | - | 11,850 |
| Total revenues | <u>86,650</u> | <u>623,574</u> | <u>6,733,392</u> | <u>1,960,353</u> | <u>25,466</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| General government | - | - | - | - | - |
| Public safety | 182,014 | - | - | - | 5,675 |
| Public works | - | - | - | - | - |
| Developmental services | - | 459,673 | - | - | - |
| Public welfare | - | - | 6,385,415 | - | - |
| Culture and recreation | - | - | - | - | - |
| Public transit | - | - | - | 1,875,708 | - |
| Debt service: | | | | | |
| Principal | - | - | - | - | - |
| Interest and other charges | - | - | - | - | - |
| Capital outlay | - | 163,901 | - | 368,858 | - |
| Total expenditures | <u>182,014</u> | <u>623,574</u> | <u>6,385,415</u> | <u>2,244,566</u> | <u>5,675</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | (95,364) | - | 347,977 | (284,213) | 19,791 |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Sale of capital assets | - | - | - | - | - |
| Transfers in | - | - | - | 300,000 | - |
| Transfers out | - | - | - | - | (3,194) |
| Total other financing sources and uses | - | - | - | 300,000 | (3,194) |
| NET CHANGE IN FUND BALANCES | (95,364) | - | 347,977 | 15,787 | 16,597 |
| FUND BALANCES, BEGINNING | <u>139,829</u> | <u>-</u> | <u>1,095,076</u> | <u>(33,179)</u> | <u>108,949</u> |
| FUND BALANCES, ENDING | <u>\$ 44,465</u> | <u>\$ -</u> | <u>\$ 1,443,053</u> | <u>\$ (17,392)</u> | <u>\$ 125,546</u> |

CITY OF LONGVIEW, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

| E-911 | Hotel Occupancy Tax | Maude Cobb Activity Fund | Drainage Sales Tax | School Crossing Guard | Grants | Donations | Federal Motor Carrier Violations |
|-------------------|------------------------|-----------------------------|-----------------------|--------------------------|-------------------|------------------|--|
| \$ - | \$ 1,042,616 | \$ 933,902 | \$ 4,913,101 | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - | 2,247,929 | - | - |
| - | - | - | - | - | - | - | 40,557 |
| 730,951 | - | 392,008 | - | 33,149 | - | - | - |
| 3,321 | 7,712 | 3,032 | 6,612 | 166 | - | - | 1,024 |
| - | - | 4,177 | - | - | - | 112,975 | - |
| <u>734,272</u> | <u>1,050,328</u> | <u>1,333,119</u> | <u>4,919,713</u> | <u>33,315</u> | <u>2,247,929</u> | <u>112,975</u> | <u>41,581</u> |
| - | - | - | - | - | - | 427 | - |
| 884,253 | - | - | - | 43,851 | 476,724 | 66,254 | 16,837 |
| - | - | - | 4,681,870 | - | 337,365 | - | - |
| - | - | - | - | - | 204,759 | - | - |
| - | - | - | - | - | 110,718 | - | - |
| - | 622,706 | 1,133,076 | - | - | 12,297 | 300 | - |
| - | - | - | - | - | - | - | - |
| - | - | 3,637 | 7,665 | - | - | - | - |
| - | - | 1,225 | 2,582 | - | - | - | - |
| 36,750 | 18,582 | 153,843 | 16,457 | - | 1,118,419 | 61,035 | - |
| <u>921,003</u> | <u>641,288</u> | <u>1,291,781</u> | <u>4,708,574</u> | <u>43,851</u> | <u>2,260,282</u> | <u>128,016</u> | <u>16,837</u> |
| (186,731) | 409,040 | 41,338 | 211,139 | (10,536) | (12,353) | (15,041) | 24,744 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | (86,615) | - | - |
| - | - | - | - | - | (86,615) | - | - |
| (186,731) | 409,040 | 41,338 | 211,139 | (10,536) | (98,968) | (15,041) | 24,744 |
| <u>769,928</u> | <u>1,700,610</u> | <u>403,955</u> | <u>1,694,148</u> | <u>40,358</u> | <u>229,478</u> | <u>67,192</u> | <u>175,379</u> |
| <u>\$ 583,197</u> | <u>\$ 2,109,650</u> | <u>\$ 445,293</u> | <u>\$ 1,905,287</u> | <u>\$ 29,822</u> | <u>\$ 130,510</u> | <u>\$ 52,151</u> | <u>\$ 200,123</u> |

(Continued)

CITY OF LONGVIEW, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2017

| | Red Flex | Cable Franchise | Convention & Visitors Bureau | Animal Shelter Donations | Totals |
|--|-------------------|-------------------|---------------------------------|-----------------------------|---------------------|
| REVENUES | | | | | |
| Taxes | \$ - | \$ 84,396 | \$ 450,000 | \$ - | \$ 7,424,015 |
| Intergovernmental | - | - | - | - | 11,127,383 |
| Fines and forfeitures | - | - | - | - | 139,643 |
| Charges for services | - | - | - | - | 1,395,347 |
| Investment earnings | 1,825 | 550 | 1,647 | - | 32,276 |
| Miscellaneous | 28,456 | - | 7,032 | 99,677 | 457,586 |
| Total revenues | <u>30,281</u> | <u>84,946</u> | <u>458,679</u> | <u>99,677</u> | <u>20,576,250</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| General government | - | 26,134 | - | - | 26,561 |
| Public safety | 646 | - | - | - | 1,676,254 |
| Public works | - | - | - | - | 5,019,235 |
| Developmental services | - | - | - | - | 664,432 |
| Public welfare | - | - | - | - | 6,496,133 |
| Culture and recreation | - | - | 420,010 | - | 2,188,389 |
| Public transit | - | - | - | - | 1,875,708 |
| Debt service: | | | | | |
| Principal | - | - | - | - | 11,302 |
| Interest and other charges | - | - | - | - | 3,807 |
| Capital outlay | 42,816 | 47,329 | 39,025 | 35,497 | 2,102,512 |
| Total expenditures | <u>43,462</u> | <u>73,463</u> | <u>459,035</u> | <u>35,497</u> | <u>20,064,333</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | (13,181) | 11,483 | (356) | 64,180 | 511,917 |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Sale of capital assets | 5,950 | - | - | - | 5,950 |
| Transfers in | - | - | 50,000 | - | 350,000 |
| Transfers out | - | - | - | (51,060) | (140,869) |
| Total other financing sources and uses | <u>5,950</u> | <u>-</u> | <u>50,000</u> | <u>(51,060)</u> | <u>215,081</u> |
| NET CHANGE IN FUND BALANCES | (7,231) | 11,483 | 49,644 | 13,120 | 726,998 |
| FUND BALANCES, BEGINNING | <u>335,042</u> | <u>117,324</u> | <u>249,943</u> | <u>2,350</u> | <u>7,096,382</u> |
| FUND BALANCES, ENDING | <u>\$ 327,811</u> | <u>\$ 128,807</u> | <u>\$ 299,587</u> | <u>\$ 15,470</u> | <u>\$ 7,823,380</u> |

**SCHEDULES OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL**

CITY OF LONGVIEW, TEXAS
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2017

| | Budgeted Amounts | | | | | | |
|---|------------------|--------------|--------------|--------------------------------|---------------------------|----------------------------|--|
| | Original | Final | Actual | Adjustments to Budgetary Basis | Actual on Budgetary Basis | Variance with Final Budget | |
| REVENUE | | | | | | | |
| Property taxes | \$ 7,264,839 | \$ 7,264,839 | \$ 7,263,809 | \$ 6,205 | \$ 7,270,014 | \$ 5,175 | |
| Interest revenue | 20,000 | 20,000 | 21,865 | - | 21,865 | 1,865 | |
| Total revenue | 7,284,839 | 7,284,839 | 7,285,674 | 6,205 | 7,291,879 | 7,040 | |
| EXPENDITURES | | | | | | | |
| Debt Service: | | | | | | | |
| Paying agent | 6,000 | 6,000 | 4,181 | - | 4,181 | (1,819) | |
| Principal retirement | 4,757,376 | 4,757,376 | 4,945,000 | - | 4,945,000 | 187,624 | |
| Interest and other charges | 2,541,464 | 2,541,464 | 2,306,455 | - | 2,306,455 | (235,009) | |
| Total expenditures | 7,304,840 | 7,304,840 | 7,255,636 | - | 7,255,636 | (49,204) | |
| EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES | (20,001) | (20,001) | 30,038 | 6,205 | 36,243 | 56,244 | |
| OTHER FINANCING SOURCES (USES) | | | | | | | |
| Transfers in | - | - | - | - | - | - | |
| Transfers out | - | - | - | - | - | - | |
| Total other financing sources (uses) | - | - | - | - | - | - | |
| NET CHANGE IN FUND BALANCE | (20,001) | (20,001) | 30,038 | 6,205 | 36,243 | 56,244 | |
| FUND BALANCE - BEGINNING | 2,323,631 | 2,323,631 | 2,323,631 | - | 2,323,631 | - | |
| FUND BALANCE - END | 2,303,630 | 2,303,630 | 2,353,669 | 6,205 | 2,359,874 | 56,244 | |

**CITY OF LONGVIEW, TEXAS
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

| | <u>Budgeted Amounts</u> | | | | | |
|---|-------------------------|-----------------------|---------------------|---|--|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | <u>Adjustments to Budgetary Basis</u> | <u>Actual on Budgetary Basis</u> | <u>Variance with Final Budget</u> |
| REVENUE | | | | | | |
| Intergovernmental | \$ 813,632 | \$ 813,632 | \$ 813,633 | (\$12,204) | \$ 801,429 | \$ (12,203) |
| Investment earnings | 131,168 | 131,168 | 131,168 | 129 | 131,297 | 129 |
| Miscellaneous | 9,898 | 9,898 | 9,898 | (7,348) | 2,550 | (7,348) |
| Total revenue | <u>954,698</u> | <u>954,698</u> | <u>954,699</u> | <u>(19,423)</u> | <u>935,276</u> | <u>(19,422)</u> |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| General government | 1,007,044 | 1,007,044 | 6,611 | - | 6,611 | (1,000,433) |
| Debt service: | | | | | | |
| Interest and other fiscal charges | - | - | 11,450 | - | 11,450 | (11,450) |
| Capital outlay | 20,043,309 | 20,043,309 | 9,748,444 | - | 9,748,444 | (10,294,865) |
| Total expenditures | <u>21,050,353</u> | <u>21,050,353</u> | <u>9,766,505</u> | <u>-</u> | <u>9,766,505</u> | <u>(11,306,748)</u> |
| EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES | <u>(20,095,655)</u> | <u>(20,095,655)</u> | <u>(8,811,806)</u> | <u>(19,423)</u> | <u>(8,831,229)</u> | <u>11,287,326</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | - | - | - | - | - | - |
| Transfers out | (738,127) | (738,127) | (738,573) | - | (738,573) | (446) |
| Total other financing sources (uses) | <u>(738,127)</u> | <u>(738,127)</u> | <u>(738,573)</u> | <u>-</u> | <u>(738,573)</u> | <u>(446)</u> |
| NET CHANGE IN FUND BALANCE | <u>(20,833,782)</u> | <u>(20,833,782)</u> | <u>(9,550,379)</u> | <u>(19,423)</u> | <u>(9,569,802)</u> | <u>11,286,880</u> |
| FUND BALANCE - BEGINNING | <u>19,203,029</u> | <u>19,203,029</u> | <u>19,203,029</u> | <u>-</u> | <u>19,203,029</u> | <u>-</u> |
| FUND BALANCE - END | <u>\$ (1,630,753)</u> | <u>\$ (1,630,753)</u> | <u>\$ 9,652,650</u> | <u>\$ (19,423)</u> | <u>\$ 9,633,227</u> | <u>\$ 11,286,880</u> |

CITY OF LONGVIEW, TEXAS
MUNICIPAL COURT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2017

| | Budgeted Amounts | | | | | |
|---|------------------|-----------|-----------|--------------------------------|---------------------------|----------------------------|
| | Original | Final | Actual | Adjustments to Budgetary Basis | Actual on Budgetary Basis | Variance with Final Budget |
| REVENUE | | | | | | |
| Fines and forfeitures | \$ 97,200 | \$ 97,200 | \$ 86,139 | \$ - | \$ 86,139 | \$ (11,061) |
| Investment earnings | - | 600 | 511 | - | 511 | (89) |
| Total revenue | 97,200 | 97,800 | 86,650 | - | 86,650 | (11,150) |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| Public safety | 195,211 | 195,211 | 182,014 | 2,557 | 184,571 | (10,640) |
| Capital outlay | - | - | - | - | - | - |
| Total expenditures | 195,211 | 195,211 | 182,014 | 2,557 | 184,571 | (10,640) |
| EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES | (98,011) | (97,411) | (95,364) | (2,557) | (97,921) | (510) |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - | - | - |
| NET CHANGE IN FUND BALANCE | (98,011) | (97,411) | (95,364) | (2,557) | (97,921) | (510) |
| FUND BALANCE - BEGINNING | 139,829 | 139,829 | 139,829 | - | 139,829 | - |
| FUND BALANCE - END | \$ 41,818 | \$ 42,418 | \$ 44,465 | \$ (2,557) | \$ 41,908 | \$ (510) |

CITY OF LONGVIEW, TEXAS
COMMUNITY DEVELOPMENT BLOCK GRANT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2017

| | Budgeted Amounts | | | | | |
|---|------------------|----------------|----------------|--------------------------------|---------------------------|----------------------------|
| | Original | Final | Actual | Adjustments to Budgetary Basis | Actual on Budgetary Basis | Variance with Final Budget |
| REVENUE | | | | | | |
| Intergovernmental | \$ 774,365 | \$ 875,173 | \$ 623,574 | \$ - | \$ 623,574 | \$ (251,599) |
| Total revenue | <u>774,365</u> | <u>875,173</u> | <u>623,574</u> | <u>-</u> | <u>623,574</u> | <u>(251,599)</u> |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| Developmental services | 496,971 | 543,993 | 459,673 | - | 459,673 | (84,320) |
| Capital outlay | 277,394 | 331,180 | 163,901 | - | 163,901 | (167,279) |
| Total expenditures | <u>774,365</u> | <u>875,173</u> | <u>623,574</u> | <u>-</u> | <u>623,574</u> | <u>(251,599)</u> |
| EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES | - | - | - | - | - | - |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - | - | - |
| NET CHANGE IN FUND BALANCE | - | - | - | - | - | - |
| FUND BALANCE - BEGINNING | - | - | - | - | - | - |
| FUND BALANCE - END | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

CITY OF LONGVIEW, TEXAS
TRANSIT SYSTEM SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2017

| | Budgeted Amounts | | | | | | |
|---|------------------|--------------|--------------|--------------------------------|---------------------------|----------------------------|--|
| | Original | Final | Actual | Adjustments to Budgetary Basis | Actual on Budgetary Basis | Variance with Final Budget | |
| REVENUE | | | | | | | |
| Intergovernmental | \$ 2,032,543 | \$ 2,371,721 | \$ 1,721,114 | \$ - | \$ 1,721,114 | \$ (650,607) | |
| Charges for services | - | - | 239,239 | (239,239) | - | - | |
| Total revenue | 2,032,543 | 2,371,721 | 1,960,353 | (239,239) | 1,721,114 | (650,607) | |
| EXPENDITURES | | | | | | | |
| Current: | | | | | | | |
| Public transit | 1,998,378 | 1,998,378 | 1,875,708 | (238,072) | 1,637,636 | (360,742) | |
| Capital outlay | 334,165 | 673,343 | 368,858 | - | 368,858 | (304,485) | |
| Total expenditures | 2,332,543 | 2,671,721 | 2,244,566 | (238,072) | 2,006,494 | (665,227) | |
| EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES | (300,000) | (300,000) | (284,213) | (1,167) | (285,380) | 14,620 | |
| OTHER FINANCING SOURCES (USES) | | | | | | | |
| Transfers in | 300,000 | 300,000 | 300,000 | - | 300,000 | - | |
| Transfers out | - | - | - | - | - | - | |
| Total other financing sources (uses) | 300,000 | 300,000 | 300,000 | - | 300,000 | - | |
| NET CHANGE IN FUND BALANCE | - | - | 15,787 | (1,167) | 14,620 | 14,620 | |
| FUND BALANCE - BEGINNING | (33,179) | (33,179) | (33,179) | - | (33,179) | - | |
| FUND BALANCE - END | (33,179) | (33,179) | (17,392) | (1,167) | (18,559) | 14,620 | |

CITY OF LONGVIEW, TEXAS
POLICE DEPARTMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2017

| | <u>Budgeted Amounts</u> | | | | | |
|---|-------------------------|------------------|-------------------|---|--|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | <u>Adjustments to Budgetary Basis</u> | <u>Actual on Budgetary Basis</u> | <u>Variance with Final Budget</u> |
| REVENUE | | | | | | |
| Fines and forfeitures | \$ 7,500 | \$ 7,500 | \$ 12,947 | \$ - | \$ 12,947 | \$ 5,447 |
| Investment earnings | 400 | 400 | 669 | - | 669 | 269 |
| Miscellaneous | - | - | 11,850 | - | 11,850 | 11,850 |
| Total revenue | <u>7,900</u> | <u>7,900</u> | <u>25,466</u> | <u>-</u> | <u>25,466</u> | <u>17,566</u> |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| Public transit | 20,055 | 20,055 | 5,675 | - | 5,675 | (14,380) |
| Total expenditures | <u>20,055</u> | <u>20,055</u> | <u>5,675</u> | <u>-</u> | <u>5,675</u> | <u>(14,380)</u> |
| EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES | <u>(12,155)</u> | <u>(12,155)</u> | <u>19,791</u> | <u>-</u> | <u>19,791</u> | <u>31,946</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | - | - | - | - | - | - |
| Transfers out | - | - | (3,194) | - | (3,194) | (3,194) |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>(3,194)</u> | <u>-</u> | <u>(3,194)</u> | <u>(3,194)</u> |
| NET CHANGE IN FUND BALANCE | <u>(12,155)</u> | <u>(12,155)</u> | <u>16,597</u> | <u>-</u> | <u>16,597</u> | <u>28,752</u> |
| FUND BALANCE - BEGINNING | <u>108,949</u> | <u>108,949</u> | <u>108,949</u> | <u>-</u> | <u>108,949</u> | <u>-</u> |
| FUND BALANCE - END | <u>\$ 96,794</u> | <u>\$ 96,794</u> | <u>\$ 125,546</u> | <u>\$ -</u> | <u>\$ 125,546</u> | <u>\$ 28,752</u> |

CITY OF LONGVIEW, TEXAS
E-911 SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2017

| | <u>Budgeted Amounts</u> | | | | | |
|---|-------------------------|-------------------|-------------------|---|--|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | <u>Adjustments to Budgetary Basis</u> | <u>Actual on Budgetary Basis</u> | <u>Variance with Final Budget</u> |
| REVENUE | | | | | | |
| Taxes | \$ 758,000 | \$ 758,000 | \$ 730,951 | \$ 5,792 | \$ 736,743 | \$ (21,257) |
| Investment earnings | 2,000 | 2,000 | 3,321 | - | 3,321 | 1,321 |
| Total revenue | <u>760,000</u> | <u>760,000</u> | <u>734,272</u> | <u>5,792</u> | <u>740,064</u> | <u>(19,936)</u> |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| Culture and recreation | 894,435 | 894,435 | 884,253 | (2,109) | 882,144 | (12,291) |
| Capital outlay | 41,820 | 41,820 | 36,750 | - | 36,750 | (5,070) |
| Total expenditures | <u>936,255</u> | <u>936,255</u> | <u>921,003</u> | <u>(2,109)</u> | <u>918,894</u> | <u>(17,361)</u> |
| EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES | <u>(176,255)</u> | <u>(176,255)</u> | <u>(186,731)</u> | <u>7,901</u> | <u>(178,830)</u> | <u>(2,575)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCE | <u>(176,255)</u> | <u>(176,255)</u> | <u>(186,731)</u> | <u>7,901</u> | <u>(178,830)</u> | <u>(2,575)</u> |
| FUND BALANCE - BEGINNING | <u>769,928</u> | <u>769,928</u> | <u>769,928</u> | <u>-</u> | <u>769,928</u> | <u>-</u> |
| FUND BALANCE - END | <u>\$ 593,673</u> | <u>\$ 593,673</u> | <u>\$ 583,197</u> | <u>\$ 7,901</u> | <u>\$ 591,098</u> | <u>\$ (2,575)</u> |

CITY OF LONGVIEW, TEXAS
HOTEL OCCUPANCY TAX SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2017

| <u>Budgeted Amounts</u> | | | | | | |
|---|---------------------|---------------------|---------------------|--------------------------------------|---------------------------------|-------------------------------|
| | Original | Final | Actual | Adjustments to Budgetary Basis | Actual on Budgetary Basis | Variance with Final Budget |
| REVENUE | | | | | | |
| Taxes | \$ 754,529 | \$ 854,529 | \$ 1,042,616 | \$ 34,347 | \$ 1,076,963 | \$ 222,434 |
| Investment earnings | 2,000 | 2,000 | 7,712 | - | 7,712 | 5,712 |
| Total revenue | <u>756,529</u> | <u>856,529</u> | <u>1,050,328</u> | <u>34,347</u> | <u>1,084,675</u> | <u>228,146</u> |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| Culture and recreation | 614,507 | 714,507 | 622,706 | (961) | 621,745 | (92,762) |
| Capital outlay | 13,500 | 13,500 | 18,582 | - | 18,582 | 5,082 |
| Total expenditures | <u>628,007</u> | <u>728,007</u> | <u>641,288</u> | <u>(961)</u> | <u>640,327</u> | <u>(87,680)</u> |
| EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES | <u>128,522</u> | <u>128,522</u> | <u>409,040</u> | <u>35,308</u> | <u>444,348</u> | <u>315,826</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCE | <u>128,522</u> | <u>128,522</u> | <u>409,040</u> | <u>35,308</u> | <u>444,348</u> | <u>315,826</u> |
| FUND BALANCE - BEGINNING | <u>1,700,610</u> | <u>1,700,610</u> | <u>1,700,610</u> | <u>-</u> | <u>1,700,610</u> | <u>-</u> |
| FUND BALANCE - END | <u>\$ 1,829,132</u> | <u>\$ 1,829,132</u> | <u>\$ 2,109,650</u> | <u>\$ 35,308</u> | <u>\$ 2,144,958</u> | <u>\$ 315,826</u> |

CITY OF LONGVIEW, TEXAS
MAUDE COBB ACTIVITY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2017

| <u>Budgeted Amounts</u> | | | | | | |
|---|-------------------|-------------------|-------------------|--------------------------------------|---------------------------------|-------------------------------|
| | Original | Final | Actual | Adjustments to Budgetary Basis | Actual on Budgetary Basis | Variance with Final Budget |
| REVENUE | | | | | | |
| Taxes | \$ 933,902 | \$ 933,902 | \$ 933,902 | - | \$ 933,902 | - |
| Charges for services | 355,363 | 385,000 | 392,008 | - | 392,008 | 7,008 |
| Investment earnings | 2,500 | 2,500 | 3,032 | - | 3,032 | 532 |
| Miscellaneous revenue | 3,350 | 3,350 | 4,177 | - | 4,177 | 827 |
| Total revenue | <u>1,295,115</u> | <u>1,324,752</u> | <u>1,333,119</u> | <u>-</u> | <u>1,333,119</u> | <u>8,367</u> |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| Culture and recreation | 1,274,786 | 1,274,786 | 1,133,076 | (883) | 1,132,193 | (142,593) |
| Debt service: | | | | | | |
| Principal | - | - | 3,637 | - | 3,637 | 3,637 |
| Interest and other charges | - | - | 1,225 | - | 1,225 | 1,225 |
| Capital outlay | 56,800 | 86,437 | 153,843 | - | 153,843 | 67,406 |
| Total expenditures | <u>1,331,586</u> | <u>1,361,223</u> | <u>1,291,781</u> | <u>(883)</u> | <u>1,290,898</u> | <u>(70,325)</u> |
| EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES | <u>(36,471)</u> | <u>(36,471)</u> | <u>41,338</u> | <u>883</u> | <u>42,221</u> | <u>78,692</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCE | <u>(36,471)</u> | <u>(36,471)</u> | <u>41,338</u> | <u>883</u> | <u>42,221</u> | <u>78,692</u> |
| FUND BALANCE - BEGINNING | <u>403,955</u> | <u>403,955</u> | <u>403,955</u> | <u>-</u> | <u>403,955</u> | <u>-</u> |
| FUND BALANCE - END | <u>\$ 367,484</u> | <u>\$ 367,484</u> | <u>\$ 445,293</u> | <u>\$ 883</u> | <u>\$ 446,176</u> | <u>\$ 78,692</u> |

CITY OF LONGVIEW, TEXAS
DRAINAGE SALES TAX SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2017

| | <u>Budgeted Amounts</u> | | | | | |
|---|-------------------------|---------------------|---------------------|---|--|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | <u>Adjustments to Budgetary Basis</u> | <u>Actual on Budgetary Basis</u> | <u>Variance with Final Budget</u> |
| REVENUE | | | | | | |
| Taxes | \$ 4,810,941 | \$ 4,846,041 | \$ 4,913,101 | \$ (41,786) | \$ 4,871,315 | \$ 25,274 |
| Investment earnings | - | - | 6,612 | - | 6,612 | 6,612 |
| Total revenue | <u>4,810,941</u> | <u>4,846,041</u> | <u>4,919,713</u> | <u>(41,786)</u> | <u>4,877,927</u> | <u>31,886</u> |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| Public works | 4,906,008 | 4,924,788 | 4,681,870 | (8,388) | 4,673,482 | (251,306) |
| Debt service: | | | | | | |
| Principal | 7,665 | 7,665 | 7,665 | - | 7,665 | - |
| Interest and other charges | 2,582 | 2,582 | 2,582 | - | 2,582 | - |
| Capital outlay | - | 16,320 | 16,457 | - | 16,457 | 137 |
| Total expenditures | <u>4,916,255</u> | <u>4,951,355</u> | <u>4,708,574</u> | <u>(8,388)</u> | <u>4,700,186</u> | <u>(251,169)</u> |
| EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES | <u>(105,314)</u> | <u>(105,314)</u> | <u>211,139</u> | <u>(33,398)</u> | <u>177,741</u> | <u>283,055</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCE | <u>(105,314)</u> | <u>(105,314)</u> | <u>211,139</u> | <u>(33,398)</u> | <u>177,741</u> | <u>283,055</u> |
| FUND BALANCE - BEGINNING | <u>1,694,148</u> | <u>1,694,148</u> | <u>1,694,148</u> | <u>-</u> | <u>1,694,148</u> | <u>-</u> |
| FUND BALANCE - END | <u>\$ 1,588,834</u> | <u>\$ 1,588,834</u> | <u>\$ 1,905,287</u> | <u>\$ (33,398)</u> | <u>\$ 1,871,889</u> | <u>\$ 283,055</u> |

CITY OF LONGVIEW, TEXAS
SCHOOL CROSSING GUARD SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2017

| | Budgeted Amounts | | | | | Variance with Final Budget |
|---|------------------|---------------|-----------------|--------------------------------------|---------------------------------|-------------------------------|
| | Original | Final | Actual | Adjustments to Budgetary Basis | Actual on Budgetary Basis | |
| REVENUE | | | | | | |
| Charges for services | \$ 57,982 | \$ 57,982 | \$ 33,149 | \$ - | \$ 33,149 | \$ (24,833) |
| Investment earnings | - | - | 166 | - | 166 | 166 |
| Total revenue | <u>57,982</u> | <u>57,982</u> | <u>33,315</u> | <u>-</u> | <u>33,315</u> | <u>(24,667)</u> |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| Public safety | 58,019 | 58,019 | 43,851 | 95 | 43,946 | (14,073) |
| Total expenditures | <u>58,019</u> | <u>58,019</u> | <u>43,851</u> | <u>95</u> | <u>43,946</u> | <u>(14,073)</u> |
| EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES | <u>(37)</u> | <u>(37)</u> | <u>(10,536)</u> | <u>(95)</u> | <u>(10,631)</u> | <u>(10,594)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCE | <u>(37)</u> | <u>(37)</u> | <u>(10,536)</u> | <u>(95)</u> | <u>(10,631)</u> | <u>(10,594)</u> |
| FUND BALANCE - BEGINNING | <u>40,358</u> | <u>40,358</u> | <u>40,358</u> | <u>-</u> | <u>40,358</u> | <u>-</u> |
| FUND BALANCE - END | <u>40,321</u> | <u>40,321</u> | <u>29,822</u> | <u>(95)</u> | <u>29,727</u> | <u>(10,594)</u> |

CITY OF LONGVIEW, TEXAS
SPECIAL REVENUE GRANTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2017

| | <u>Budgeted Amounts</u> | | | | | | |
|---|-------------------------|-------------------|-------------------|--------------------------------------|---------------------------------|-------------------------------|--|
| | Original | Final | Actual | Adjustments to Budgetary Basis | Actual on Budgetary Basis | Variance with Final Budget | |
| REVENUE | | | | | | | |
| Intergovernmental | \$ 3,312,227 | \$ 3,495,333 | \$ 2,247,929 | \$ 553,197 | \$ 2,801,126 | \$ (694,207) | |
| Total revenue | <u>3,312,227</u> | <u>3,495,333</u> | <u>2,247,929</u> | <u>553,197</u> | <u>2,801,126</u> | <u>(694,207)</u> | |
| EXPENDITURES | | | | | | | |
| Current: | | | | | | | |
| Public safety | 524,874 | 526,481 | 476,724 | (2,163) | 474,561 | (51,920) | |
| Public works | 362,701 | 362,701 | 337,365 | (252) | 337,113 | (25,588) | |
| Community Development | 401,885 | 401,885 | 204,759 | - | 204,759 | (197,126) | |
| Developmental services | 900,968 | 1,004,470 | 110,718 | 793,061 | 903,779 | (100,691) | |
| Culture and recreation | 19,639 | 19,639 | 12,297 | - | 12,297 | (7,342) | |
| Public transit | 2,500 | 2,500 | - | - | - | (2,500) | |
| Capital outlay | 1,061,586 | 1,224,022 | 1,118,419 | - | 1,118,419 | (105,603) | |
| Total expenditures | <u>3,274,153</u> | <u>3,541,698</u> | <u>2,260,282</u> | <u>790,646</u> | <u>3,050,928</u> | <u>(490,770)</u> | |
| EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES | <u>38,074</u> | <u>(46,365)</u> | <u>(12,353)</u> | <u>(237,449)</u> | <u>(249,802)</u> | <u>(203,437)</u> | |
| OTHER FINANCING SOURCES (USES) | | | | | | | |
| Transfers in | - | - | - | - | - | - | |
| Transfers out | - | - | (86,615) | - | (86,615) | (86,615) | |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>(86,615)</u> | <u>-</u> | <u>(86,615)</u> | <u>(86,615)</u> | |
| NET CHANGE IN FUND BALANCE | <u>38,074</u> | <u>(46,365)</u> | <u>(98,968)</u> | <u>(237,449)</u> | <u>(336,417)</u> | <u>(290,052)</u> | |
| FUND BALANCE - BEGINNING | <u>229,478</u> | <u>229,478</u> | <u>229,478</u> | <u>-</u> | <u>229,478</u> | <u>-</u> | |
| FUND BALANCE - END | <u>\$ 267,552</u> | <u>\$ 183,113</u> | <u>\$ 130,510</u> | <u>\$ (237,449)</u> | <u>\$ (106,939)</u> | <u>\$ (290,052)</u> | |

CITY OF LONGVIEW, TEXAS
DONATIONS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2017

| | Budgeted Amounts | | | | Actual on Budgetary Basis | Variance with Final Budget |
|---|------------------|------------|------------|--------------------------------------|---------------------------------|-------------------------------|
| | Original | Final | Actual | Adjustments to Budgetary Basis | | |
| REVENUE | | | | | | |
| Miscellaneous revenue | \$ 62,967 | \$ 102,700 | \$ 112,975 | \$ - | \$ 112,975 | \$ 10,275 |
| Total revenue | 62,967 | 102,700 | 112,975 | - | 112,975 | 10,275 |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| General government | 100,000 | 100,000 | 427 | - | 427 | (99,573) |
| Public safety | - | - | 66,254 | - | 66,254 | 66,254 |
| Development services | - | - | - | - | - | - |
| Culture and recreation | - | - | 300 | - | 300 | 300 |
| Capital outlay | - | 39,733 | 61,035 | - | 61,035 | 21,302 |
| Total expenditures | 100,000 | 139,733 | 128,016 | - | 128,016 | (11,717) |
| EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES | (37,033) | (37,033) | (15,041) | - | (15,041) | 21,992 |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - | - | - |
| NET CHANGE IN FUND BALANCE | (37,033) | (37,033) | (15,041) | - | (15,041) | 21,992 |
| FUND BALANCE - BEGINNING | 67,192 | 67,192 | 67,192 | - | 67,192 | - |
| FUND BALANCE - END | 30,159 | 30,159 | 52,151 | - | 52,151 | 21,992 |

CITY OF LONGVIEW, TEXAS
FEDERAL MOTOR CARRIER VIOLATIONS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2017

| | Budgeted Amounts | | | | | | |
|---|------------------|-----------|-----------|--------------------------------|---------------------------|----------------------------|--------|
| | Original | Final | Actual | Adjustments to Budgetary Basis | Actual on Budgetary Basis | Variance with Final Budget | |
| REVENUE | | | | | | | |
| Fines and forfeitures | \$ 42,000 | \$ 42,000 | \$ 40,557 | \$ - | \$ 40,557 | \$ (1,443) | |
| Investment earnings | - | - | 1,024 | - | 1,024 | 1,024 | |
| Total revenue | 42,000 | 42,000 | 41,581 | - | 41,581 | (419) | |
| EXPENDITURES | | | | | | | |
| Current: | | | | | | | |
| Public safety | 36,994 | 36,994 | 16,837 | - | 16,837 | (20,157) | |
| Capital outlay | 12,000 | 12,000 | - | - | - | (12,000) | |
| Total expenditures | 48,994 | 48,994 | 16,837 | - | 16,837 | (32,157) | |
| EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES | (6,994) | (6,994) | 24,744 | - | 24,744 | 31,738 | 31,738 |
| OTHER FINANCING SOURCES (USES) | | | | | | | |
| Transfers in | - | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - | - | - | - |
| NET CHANGE IN FUND BALANCE | (6,994) | (6,994) | 24,744 | - | 24,744 | 31,738 | 31,738 |
| FUND BALANCE - BEGINNING | 175,379 | 175,379 | 175,379 | - | 175,379 | - | - |
| FUND BALANCE - END | 168,385 | 168,385 | 200,123 | - | 200,123 | 31,738 | 31,738 |

CITY OF LONGVIEW, TEXAS
RED FLEX SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2017

| | Budgeted Amounts | | | | | |
|---|------------------|-----------|------------|--------------------------------|---------------------------|----------------------------|
| | Original | Final | Actual | Adjustments to Budgetary Basis | Actual on Budgetary Basis | Variance with Final Budget |
| REVENUE | | | | | | |
| Investment earnings | \$ - | \$ - | \$ 1,825 | \$ - | \$ 1,825 | \$ 1,825 |
| Miscellaneous | - | - | 28,456 | - | 28,456 | 28,456 |
| Total revenue | - | - | 30,281 | - | 30,281 | 30,281 |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| Public safety | 33,799 | 33,799 | 646 | - | 646 | (33,153) |
| Capital outlay | 257,622 | 257,622 | 42,816 | - | 42,816 | (214,806) |
| Total expenditures | 291,421 | 291,421 | 43,462 | - | 43,462 | (247,959) |
| EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES | (291,421) | (291,421) | (13,181) | - | (13,181) | 278,240 |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Proceeds from sale of assets | - | - | 5,950 | - | 5,950 | 5,950 |
| Transfers in | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - |
| Total other financing sources (uses) | - | - | 5,950 | - | 5,950 | 5,950 |
| NET CHANGE IN FUND BALANCE | (291,421) | (291,421) | (7,231) | - | (7,231) | 284,190 |
| FUND BALANCE - BEGINNING | 335,042 | 335,042 | 335,042 | - | 335,042 | - |
| FUND BALANCE - END | \$ 43,621 | \$ 43,621 | \$ 327,811 | \$ - | \$ 327,811 | \$ 284,190 |

CITY OF LONGVIEW, TEXAS
CABLE FRANCHISE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2017

| | Budgeted Amounts | | | | | | Variance with Final Budget |
|---|------------------|-----------|-----------|--------------------------------------|---------------------------------|------------|-------------------------------|
| | Original | Final | Actual | Adjustments to Budgetary Basis | Actual on Budgetary Basis | | |
| REVENUE | | | | | | | |
| Taxes | \$ 96,175 | \$ 96,175 | \$ 84,396 | \$ 2,695 | \$ 87,091 | \$ (9,084) | |
| Investment earnings | - | - | 550 | - | 550 | 550 | |
| Total revenue | 96,175 | 96,175 | 84,946 | 2,695 | 87,641 | (8,534) | |
| EXPENDITURES | | | | | | | |
| Current: | | | | | | | |
| General government | 34,134 | 34,134 | 26,134 | - | 26,134 | (8,000) | |
| Capital outlay | 44,381 | 44,381 | 47,329 | - | 47,329 | 2,948 | |
| Total expenditures | 78,515 | 78,515 | 73,463 | - | 73,463 | (5,052) | |
| EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES | 17,660 | 17,660 | 11,483 | 2,695 | 14,178 | (3,482) | |
| OTHER FINANCING SOURCES (USES) | | | | | | | |
| Transfers in | - | - | - | - | - | - | |
| Transfers out | - | - | - | - | - | - | |
| Total other financing sources (uses) | - | - | - | - | - | - | |
| NET CHANGE IN FUND BALANCE | 17,660 | 17,660 | 11,483 | 2,695 | 14,178 | (3,482) | |
| FUND BALANCE - BEGINNING | 117,324 | 117,324 | 117,324 | - | 117,324 | - | |
| FUND BALANCE - END | 134,984 | 134,984 | 128,807 | 2,695 | 131,502 | (3,482) | |

CITY OF LONGVIEW, TEXAS
CONVENTION AND VISITORS BUREAU SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2017

| | Budgeted Amounts | | Actual | Adjustments to Budgetary Basis | Actual on Budgetary Basis | Variance with Final Budget |
|---|------------------|------------|------------|--------------------------------|---------------------------|----------------------------|
| | Original | Final | | | | |
| REVENUE | | | | | | |
| Taxes | \$ 408,425 | \$ 450,000 | \$ 450,000 | \$ - | \$ 450,000 | \$ - |
| Investment earnings | - | - | 1,647 | - | 1,647 | 1,647 |
| Miscellaneous | 10,000 | 10,000 | 7,032 | - | 7,032 | (2,968) |
| Total revenue | 418,425 | 460,000 | 458,679 | - | 458,679 | (1,321) |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| Culture and Recreation | 499,372 | 540,947 | 420,010 | (2,042) | 417,968 | (122,979) |
| Capital Outlay | 39,025 | 39,025 | 39,025 | - | 39,025 | - |
| Total expenditures | 538,397 | 579,972 | 459,035 | (2,042) | 456,993 | (122,979) |
| EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES | (119,972) | (119,972) | (356) | 2,042 | 1,686 | 121,658 |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | 50,000 | 50,000 | 50,000 | - | 50,000 | - |
| Transfers out | - | - | - | - | - | - |
| Total other financing sources (uses) | 50,000 | 50,000 | 50,000 | - | 50,000 | - |
| NET CHANGE IN FUND BALANCE | (69,972) | (69,972) | 49,644 | 2,042 | 51,686 | 121,658 |
| FUND BALANCE - BEGINNING | 249,943 | 249,943 | 249,943 | - | 249,943 | - |
| FUND BALANCE - END | 179,971 | 179,971 | 299,587 | 2,042 | 301,629 | 121,658 |

CITY OF LONGVIEW, TEXAS
ANIMAL SHELTER DONATIONS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2017

| | Budgeted Amounts | | Actual | Adjustments to Budgetary Basis | Actual on Budgetary Basis | Variance with Final Budget |
|---|------------------|------------|-----------|--------------------------------|---------------------------|----------------------------|
| | Original | Final | | | | |
| REVENUE | | | | | | |
| Miscellaneous revenue | \$ 150,000 | \$ 150,000 | \$ 99,677 | \$ - | \$ 99,677 | \$ (50,323) |
| Total revenue | 150,000 | 150,000 | 99,677 | - | 99,677 | (50,323) |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| General government | 150,000 | 150,000 | - | - | - | (150,000) |
| Capital outlay | - | - | 35,497 | - | 35,497 | 35,497 |
| Total expenditures | 150,000 | 150,000 | 35,497 | - | 35,497 | (114,503) |
| EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES | - | - | 64,180 | - | 64,180 | 64,180 |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | - | - | - | - | - | - |
| Transfers out | - | - | (51,060) | - | (51,060) | (51,060) |
| Total other financing sources (uses) | - | - | (51,060) | - | (51,060) | (51,060) |
| NET CHANGE IN FUND BALANCE | - | - | 13,120 | - | 13,120 | 13,120 |
| FUND BALANCE - BEGINNING | 2,350 | 2,350 | 2,350 | - | 2,350 | - |
| FUND BALANCE - END | 2,350 | 2,350 | 15,470 | - | 15,470 | 13,120 |

(This page intentionally left blank)

INTERNAL SERVICE FUNDS

- **General Liability Fund** - To account for the City's charges to various funds for general liability coverage and payment of premiums for coverage.
- **Group Health Fund** - To account for the City's self-insured group health and dental plans. This fund is utilized to track the premiums, claims, and administrative expenses of the plans.
- **Workers Compensation Fund** - To account for the City's charges to other funds for workers compensation coverage and payment of premiums for insurance coverage.
- **GIS/IT Services Fund** - To account for the city's charges to various funds for information technology services and to account for the City's geographic information system department which is responsible for creating and maintaining an intricate mapping system of the City.
- **Fleet Services Fund** - To account for the activities of the City's fleet management garage which is responsible for maintaining the City's vehicle fleet.
- **Vehicle Replacement Fund** - To account for the City's charges to various funds for the purchase of vehicles. This fund is utilized to maintain an inventory of vehicles for use by City departments.
- **Media Development Fund** - To account for the City's charges to various funds for administration and maintenance of the City's website, internet presence, social media outlets and other communication and advertising efforts. In addition, this fund operates the City's two 24 hour television channels.

CITY OF LONGVIEW, TEXAS

COMBINING STATEMENT OF NET POSITION

INTERNAL SERVICE FUNDS

SEPTEMBER 30, 2017

| | <u>General Liability</u> | <u>Group Health</u> | <u>Workers' Compensation</u> |
|---------------------------------------|--------------------------|---------------------|----------------------------------|
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 279,594 | \$ 892,651 | \$ 227,403 |
| Investments | 208,956 | 514,192 | 169,952 |
| Accounts receivable, net | - | 194,224 | - |
| Inventories | - | - | - |
| Accrued interest | - | 414 | - |
| Total current assets | <u>488,550</u> | <u>1,601,481</u> | <u>397,355</u> |
| Non-current assets: | | | |
| Capital assets: | | | |
| Buildings | - | - | - |
| Machinery and equipment | 35,216 | - | - |
| Less accumulated depreciation | <u>(25,156)</u> | <u>-</u> | <u>-</u> |
| Total non-current assets | <u>10,060</u> | <u>-</u> | <u>-</u> |
| Total assets | <u>498,610</u> | <u>1,601,481</u> | <u>397,355</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred outflows related to pension | <u>91,068</u> | <u>-</u> | <u>-</u> |
| Total deferred outflows or resources | <u>91,068</u> | <u>-</u> | <u>-</u> |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable | 9,496 | 25,859 | 268 |
| Accrued liabilities | 11,507 | 921 | - |
| Claims and judgments | 105,836 | 976,504 | 58,582 |
| Compensated absences | 3,094 | - | - |
| Capital lease obligation | - | - | - |
| Total current liabilities | <u>129,933</u> | <u>1,003,284</u> | <u>58,850</u> |
| Non-current liabilities: | | | |
| Compensated absences | 17,530 | - | - |
| Capital lease obligation | - | - | - |
| Net pension liability | 176,646 | - | - |
| Other post-employment benefits | <u>10,454</u> | <u>-</u> | <u>-</u> |
| Total non-current liabilities | <u>204,630</u> | <u>-</u> | <u>-</u> |
| Total liabilities | <u>334,563</u> | <u>1,003,284</u> | <u>58,850</u> |
| NET POSITION | | | |
| Net investment in capital assets | 10,060 | - | - |
| Unrestricted | <u>245,055</u> | <u>598,197</u> | <u>338,505</u> |
| Total net position | <u>\$ 255,115</u> | <u>\$ 598,197</u> | <u>\$ 338,505</u> |

CITY OF LONGVIEW, TEXAS
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2017

| <u>GIS/IT Services</u> | <u>Fleet Services</u> | <u>Vehicle Replacement</u> | <u>Media Development</u> | <u>Total</u> |
|------------------------|-----------------------|--------------------------------|------------------------------|---------------------|
| \$ 156,035 | \$ 351,195 | \$ 1,310,093 | \$ 82,344 | \$ 3,299,315 |
| 116,614 | 262,468 | 1,493,301 | 61,540 | 2,827,023 |
| - | - | 8,652 | - | 202,876 |
| - | 193,761 | - | - | 193,761 |
| - | - | 414 | - | 828 |
| <u>272,649</u> | <u>807,424</u> | <u>2,812,460</u> | <u>143,884</u> | <u>6,523,803</u> |
| 16,573 | 390,123 | - | - | 406,696 |
| 1,365,338 | 236,043 | 16,393,892 | - | 18,030,489 |
| (1,053,685) | (549,074) | (12,073,148) | - | (13,701,063) |
| <u>328,226</u> | <u>77,092</u> | <u>4,320,744</u> | <u>-</u> | <u>4,736,122</u> |
| <u>600,875</u> | <u>884,516</u> | <u>7,133,204</u> | <u>143,884</u> | <u>11,259,925</u> |
| 116,460 | 176,908 | - | 24,670 | 409,106 |
| <u>116,460</u> | <u>176,908</u> | <u>-</u> | <u>24,670</u> | <u>409,106</u> |
| 100,728 | 111,445 | 37,676 | 3,823 | 289,295 |
| 32,276 | 19,114 | - | 7,952 | 71,770 |
| - | - | - | - | 1,140,922 |
| 8,242 | 7,946 | - | 3,544 | 22,826 |
| - | 1,267 | - | - | 1,267 |
| <u>141,246</u> | <u>139,772</u> | <u>37,676</u> | <u>15,319</u> | <u>1,526,080</u> |
| 46,707 | 45,027 | - | 20,090 | 129,354 |
| - | 8,646 | - | - | 8,646 |
| 220,730 | 343,148 | - | 47,853 | 788,377 |
| 76,392 | 60,537 | - | 1,362 | 148,745 |
| <u>343,829</u> | <u>457,358</u> | <u>-</u> | <u>69,305</u> | <u>1,075,122</u> |
| <u>485,075</u> | <u>597,130</u> | <u>37,676</u> | <u>84,624</u> | <u>2,601,202</u> |
| 328,226 | 67,179 | 4,320,744 | - | 4,726,209 |
| (95,966) | 397,115 | 2,774,784 | 83,930 | 4,341,620 |
| <u>\$ 232,260</u> | <u>\$ 464,294</u> | <u>\$ 7,095,528</u> | <u>\$ 83,930</u> | <u>\$ 9,067,829</u> |

CITY OF LONGVIEW, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

| | <u>General Liability</u> | <u>Group Health</u> | <u>Workers' Compensation</u> |
|--|--------------------------|---------------------|----------------------------------|
| OPERATING REVENUES | | | |
| Premiums | \$ 655,259 | \$ 9,875,359 | \$ 403,774 |
| Vehicle revenue | - | - | - |
| GIS/IT revenue | - | - | - |
| Media development revenue | - | - | - |
| Miscellaneous | - | 85,971 | - |
| Total operating revenues | <u>655,259</u> | <u>9,961,330</u> | <u>403,774</u> |
| OPERATING EXPENSES | | | |
| Personnel services | 242,859 | 23,504 | - |
| Supplies | 9,831 | 30,196 | - |
| Maintenance | 584 | 2,503 | - |
| Contractual services | 135,139 | 2,116,323 | 58,263 |
| Employee benefits | 117,967 | 646 | - |
| Claims and premiums, net of reimbursements | 586,259 | 7,604,014 | 428,311 |
| Depreciation | 4,473 | - | - |
| Total operating expenses | <u>1,097,112</u> | <u>9,777,186</u> | <u>486,574</u> |
| OPERATING INCOME (LOSS) | (441,853) | 184,144 | (82,800) |
| NON-OPERATING REVENUES (EXPENSES) | | | |
| Interest and investment revenue | 3,051 | 11,992 | 1,832 |
| Gain (loss) on sale of fixed assets | - | - | - |
| Miscellaneous | - | - | - |
| Total non-operating revenue (expenses) | <u>3,051</u> | <u>11,992</u> | <u>1,832</u> |
| CHANGE IN NET POSITION | (438,802) | 196,136 | (80,968) |
| TOTAL NET POSITION, BEGINNING | <u>693,917</u> | <u>402,061</u> | <u>419,473</u> |
| TOTAL NET POSITION, ENDING | <u>\$ 255,115</u> | <u>\$ 598,197</u> | <u>\$ 338,505</u> |

CITY OF LONGVIEW, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

| <u>GIS/IT Services</u> | <u>Fleet Services</u> | <u>Vehicle Replacement</u> | <u>Media Development</u> | <u>Total</u> |
|------------------------|-----------------------|--------------------------------|------------------------------|---------------------|
| \$ - | \$ - | \$ - | \$ - | \$ 10,934,392 |
| - | 2,245,961 | 618,730 | - | 2,864,691 |
| 2,084,839 | - | - | - | 2,084,839 |
| - | - | - | 345,026 | 345,026 |
| - | - | - | - | 85,971 |
| <u>2,084,839</u> | <u>2,245,961</u> | <u>618,730</u> | <u>345,026</u> | <u>16,314,919</u> |
| 787,937 | 450,780 | - | 189,090 | 1,694,170 |
| 113,523 | 1,418,170 | - | 9,845 | 1,581,565 |
| 265 | 12,349 | 95,515 | 641 | 111,857 |
| 681,533 | 87,186 | 19,058 | 77,256 | 3,174,758 |
| 325,332 | 248,915 | - | 73,757 | 766,617 |
| - | - | - | - | 8,618,584 |
| 106,393 | 12,138 | 1,322,006 | - | 1,445,010 |
| <u>2,014,983</u> | <u>2,229,538</u> | <u>1,436,579</u> | <u>350,589</u> | <u>17,392,561</u> |
| 69,856 | 16,423 | (817,849) | (5,563) | (1,077,642) |
| 1,346 | 2,678 | 24,028 | 781 | 45,708 |
| (5,651) | (1,372) | 150,653 | - | 143,630 |
| - | - | 18,459 | - | 18,459 |
| <u>(4,305)</u> | <u>1,306</u> | <u>193,140</u> | <u>781</u> | <u>207,797</u> |
| 65,551 | 17,729 | (624,709) | (4,782) | (869,845) |
| <u>166,709</u> | <u>446,565</u> | <u>7,720,237</u> | <u>88,712</u> | <u>9,937,674</u> |
| <u>\$ 232,260</u> | <u>\$ 464,294</u> | <u>\$ 7,095,528</u> | <u>\$ 83,930</u> | <u>\$ 9,067,829</u> |

CITY OF LONGVIEW, TEXAS
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

| | <u>General Liability</u> | <u>Group Health</u> | <u>Workers' Compensation</u> |
|---|------------------------------|-------------------------|----------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash received from City departments | \$ - | \$ - | \$ - |
| Cash received from premiums/contributions | 655,259 | 10,320,019 | 403,774 |
| Cash payments for claims and premiums | (513,598) | (8,208,054) | (437,489) |
| Cash payments for goods and services | (155,166) | (2,238,528) | (58,415) |
| Cash payments to employees/retirees | <u>(323,906)</u> | <u>(24,067)</u> | <u>(92,130)</u> |
| Net cash provided (used) by operating activities | (337,411) | (150,630) | (92,130) |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| Proceeds for sale of assets | - | - | - |
| Insurance recoveries | - | - | - |
| Acquisition and construction of capital assets | - | - | - |
| Interest charges on long term debt | - | - | - |
| Principal payments on long term debt | <u>-</u> | <u>-</u> | <u>-</u> |
| Net cash used by capital and related financing activities | - | - | - |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Proceeds from maturities of investments | 479,212 | - | 237,853 |
| Reinvestments of investments | - | (7,136) | - |
| Interest on investments | <u>3,051</u> | <u>11,988</u> | <u>1,832</u> |
| Net cash provided by investing activities | 482,263 | 4,852 | 239,685 |
| NET INCREASE (DECREASE) IN CASH | 144,852 | (145,778) | 147,555 |
| CASH AND CASH EQUIVALENTS, BEGINNING | <u>134,742</u> | <u>1,038,429</u> | <u>79,848</u> |
| CASH AND CASH EQUIVALENTS, ENDING | <u>\$ 279,594</u> | <u>\$ 892,651</u> | <u>\$ 227,403</u> |

CITY OF LONGVIEW, TEXAS

COMBINING STATEMENT OF CASH FLOWS

INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2017

| <u>GIS Services</u> | <u>Fleet Services</u> | <u>Vehicle Replacement</u> | <u>Media Development</u> | <u>Total</u> |
|-------------------------|---------------------------|--------------------------------|------------------------------|---------------------|
| \$ 2,084,814 | \$ 2,247,536 | \$ 618,730 | \$ 345,026 | \$ 5,296,106 |
| 25 | - | - | - | 11,379,077 |
| - | - | - | - | (9,159,141) |
| (699,786) | (1,467,931) | (76,897) | (85,010) | (4,781,733) |
| <u>(1,062,330)</u> | <u>(631,636)</u> | <u>-</u> | <u>(250,391)</u> | <u>(2,292,330)</u> |
| 322,723 | 147,969 | 541,833 | 9,625 | 441,979 |
| - | - | 213,612 | - | 213,612 |
| - | - | 9,807 | - | 9,807 |
| (192,412) | - | (636,566) | - | (828,978) |
| - | (407) | - | - | (407) |
| <u>-</u> | <u>(2,254)</u> | <u>-</u> | <u>-</u> | <u>(2,254)</u> |
| (192,412) | (2,661) | (413,147) | - | (608,220) |
| 1,292 | 126,959 | 1,515,988 | 50,083 | 2,411,387 |
| - | - | (462,200) | - | (469,336) |
| <u>1,346</u> | <u>2,678</u> | <u>25,011</u> | <u>781</u> | <u>46,687</u> |
| 2,638 | 129,637 | 1,078,799 | 50,864 | 1,988,738 |
| 132,949 | 274,945 | 1,207,485 | 60,489 | 1,822,497 |
| <u>23,086</u> | <u>76,250</u> | <u>102,608</u> | <u>21,855</u> | <u>1,476,818</u> |
| <u>\$ 156,035</u> | <u>\$ 351,195</u> | <u>\$ 1,310,093</u> | <u>\$ 82,344</u> | <u>\$ 3,299,315</u> |

(Continued)

CITY OF LONGVIEW, TEXAS
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2017

| | <u>General Liability</u> | <u>Group Health</u> | <u>Workers' Compensation</u> |
|---|------------------------------|-------------------------|----------------------------------|
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES | | | |
| Operating income (loss) | \$ (441,853) | \$ 184,144 | \$ (82,800) |
| Adjustments to reconcile operating income to net cash provided by (used for) operating activities: | | | |
| Depreciation | 4,473 | - | - |
| Miscellaneous non-operating revenue | - | - | - |
| Change in assets and liabilities: | | | |
| Decrease in assets: | | | |
| Accounts receivable | - | 358,689 | - |
| Inventories | - | - | - |
| Deferred outflows of resources | 26,186 | - | - |
| Increase (decrease) in liabilities: | | | |
| Accounts payable | (9,612) | (89,506) | (152) |
| Due to other funds | - | - | - |
| Accrued liabilities | 2,915 | 83 | - |
| Claims payable | 72,661 | (604,040) | (9,178) |
| Compensated absences payable | 2,769 | - | - |
| Net pension liability | 5,050 | - | - |
| Other post employment benefits | - | - | - |
| Total adjustments | <u>104,442</u> | <u>(334,774)</u> | <u>(9,330)</u> |
| Net cash provided (used) by operating activities | <u>\$ (337,411)</u> | <u>\$ (150,630)</u> | <u>\$ (92,130)</u> |
| NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES | | | |
| Transfer of capital assets with other funds | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Donated capital assets | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

CITY OF LONGVIEW, TEXAS
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2017

| <u>GIS Services</u> | <u>Fleet Services</u> | <u>Vehicle Replacement</u> | <u>Media Development</u> | <u>Total</u> |
|-------------------------|---------------------------|--------------------------------|------------------------------|-------------------|
| \$ 69,856 | \$ 16,423 | \$ (817,849) | \$ (5,563) | \$ (1,077,642) |
| 106,393 | 12,138 | 1,322,006 | - | 1,445,010 |
| - | - | - | - | - |
| - | - | - | - | 358,689 |
| - | 1,575 | - | - | 1,575 |
| 32,721 | 50,868 | - | 7,094 | 116,869 |
| 95,535 | 49,774 | 37,676 | 2,732 | 86,447 |
| - | - | - | - | - |
| 2,108 | 604 | - | 933 | 6,643 |
| - | - | - | - | (540,557) |
| 9,351 | 6,329 | - | 3,061 | 21,510 |
| 6,310 | 9,809 | - | 1,368 | 22,537 |
| 449 | 449 | - | - | 898 |
| <u>252,867</u> | <u>131,546</u> | <u>1,359,682</u> | <u>15,188</u> | <u>1,519,621</u> |
| <u>\$ 322,723</u> | <u>\$ 147,969</u> | <u>\$ 541,833</u> | <u>\$ 9,625</u> | <u>\$ 441,979</u> |
| <u>\$ -</u> | <u>\$ 8,381</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 8,381</u> |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

(This page intentionally left blank)

STATISTICAL SECTION (UNAUDITED)

This portion of the City of Longview, Texas' comprehensive annual financial report presents multiple years of data to provide a historical perspective for understanding the information available in the financial statements, note disclosures, and required supplementary information and for assessing the City's overall financial health.

| Contents | Page |
|---|-------------|
| Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. | 123 |
| Revenue Capacity These schedules contain trend information to help the reader assess the City's most significant local revenue resource. | 131 |
| Debt Capacity These schedules contain trend information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future. | 135 |
| Economic and Demographic Indicators These schedules contain economic and demographic information to help the reader understand the environment within which the City's financial activities take place. | 140 |
| Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report related to the services and activities performed by the City. | 143 |

(This page intentionally left blank)

TABLE 1

CITY OF LONGVIEW, TEXAS
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS

| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Governmental activities: | | | | | | | | | | |
| Invested in capital assets, net of related debt | \$ 51,234,856 | \$ 51,131,067 | \$ 50,526,891 | \$ 51,682,767 | \$ 53,447,645 | \$ 57,302,882 | \$ 54,393,324 | \$ 56,970,760 | \$ 60,872,475 | \$ 65,413,522 |
| Restricted | 2,285,330 | 2,415,255 | 3,025,079 | 6,762,094 | 9,286,870 | 7,635,957 | 11,391,150 | 15,942,630 | 10,102,718 | 9,183,088 |
| Unrestricted | 18,699,690 | 20,121,625 | 22,702,632 | 22,534,886 | 19,416,012 | 21,454,125 | 18,925,277 | (43,259,873) | (45,755,377) | (50,211,811) |
| Total governmental activities net position | \$ 72,219,876 | \$ 73,667,947 | \$ 76,254,602 | \$ 80,979,747 | \$ 82,150,527 | \$ 86,392,964 | \$ 84,709,751 | \$ 29,653,517 | \$ 25,219,816 | \$ 24,384,799 |
| Business-type activities: | | | | | | | | | | |
| Invested in capital assets, net of related debt | \$ 44,909,638 | \$ 44,187,739 | \$ 41,554,130 | \$ 40,333,213 | \$ 39,397,519 | \$ 39,074,801 | \$ 44,463,455 | \$ 43,777,934 | \$ 46,414,194 | \$ 45,165,662 |
| Restricted | 9,374,956 | 9,512,913 | 9,945,196 | 9,709,561 | 9,585,508 | 9,584,155 | 9,614,389 | 9,106,223 | 8,456,200 | 8,405,875 |
| Unrestricted | 16,062,001 | 14,360,944 | 13,260,494 | 16,980,547 | 20,042,784 | 25,341,219 | 21,604,043 | 24,050,096 | 25,163,252 | 29,060,182 |
| Total business-type activities net position | \$ 70,346,595 | \$ 68,061,596 | \$ 64,759,820 | \$ 67,023,321 | \$ 69,025,811 | \$ 74,000,175 | \$ 75,681,887 | \$ 76,934,253 | \$ 80,033,646 | \$ 82,631,719 |
| Primary government: | | | | | | | | | | |
| Invested in capital assets, net of related debt | \$ 96,144,494 | \$ 95,318,806 | \$ 92,081,021 | \$ 92,015,980 | \$ 92,845,164 | \$ 96,377,683 | \$ 98,856,779 | \$ 100,748,694 | \$ 107,286,669 | \$ 110,579,184 |
| Restricted | 11,660,286 | 11,928,168 | 12,970,275 | 16,471,655 | 18,872,378 | 17,220,112 | 21,005,539 | 25,048,853 | 18,558,918 | 17,588,963 |
| Unrestricted | 34,761,691 | 34,482,569 | 35,963,126 | 39,515,433 | 39,458,796 | 46,795,344 | 40,529,320 | (19,209,777) | (20,592,125) | (21,151,629) |
| Total primary government net position | \$ 142,566,471 | \$ 141,729,543 | \$ 141,014,422 | \$ 148,003,068 | \$ 151,176,338 | \$ 160,393,139 | \$ 160,391,638 | \$ 106,587,770 | \$ 105,253,462 | \$ 107,016,518 |

Sources: City of Longview Finance Department

CITY OF LONGVIEW, TEXAS
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

| | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| EXPENSES | | | | |
| Governmental activities: | | | | |
| General government | \$ 4,708,108 | \$ 5,256,629 | \$ 5,543,250 | \$ 5,192,734 |
| Public safety | 36,122,785 | 38,920,999 | 38,313,379 | 38,627,890 |
| Public works | 10,741,787 | 10,652,928 | 10,159,012 | 10,191,221 |
| Developmental services | 3,911,298 | 3,251,860 | 3,214,619 | 3,481,048 |
| Culture and recreation | 8,853,686 | 10,969,680 | 10,659,666 | 8,708,583 |
| Public transit | 1,788,654 | 1,495,264 | 2,324,776 | 1,520,519 |
| Public welfare | 6,083,443 | 6,764,496 | 6,792,308 | 9,673,465 |
| Arts and culture | 110,828 | | | |
| Interest and fiscal charges | 2,265,612 | 2,585,889 | 2,600,824 | 2,289,521 |
| Total governmental activities expenses | <u>74,586,201</u> | <u>79,897,745</u> | <u>79,607,834</u> | <u>79,684,981</u> |
| Business-type activities: | | | | |
| Water utilities | 28,459,810 | 28,930,376 | 28,607,186 | 27,971,548 |
| Sanitation | 4,117,830 | 3,956,751 | 3,826,428 | 4,264,198 |
| Nonmajor funds - Longview Recreation Association | 521,971 | 468,459 | 674,814 | 738,962 |
| Total business-type activities expenses | <u>33,099,611</u> | <u>33,355,586</u> | <u>33,108,428</u> | <u>32,974,708</u> |
| Total primary government program expenses | <u>\$ 107,685,812</u> | <u>\$ 113,253,331</u> | <u>\$ 112,716,262</u> | <u>\$ 112,659,689</u> |
| PROGRAM REVENUES | | | | |
| Governmental activities: | | | | |
| Charges for services: | | | | |
| General government | \$ 2,465,835 | \$ 435,850 | \$ 428,146 | \$ 71,172 |
| Public safety | 3,677,262 | 6,304,084 | 6,939,023 | 6,518,457 |
| Public works | - | - | - | - |
| Developmental services | 1,301,989 | 759,251 | 931,644 | 781,783 |
| Culture and recreation | 700,742 | 123,422 | 99,511 | 575,771 |
| Public transit | - | - | 136,655 | 168,359 |
| Public welfare | 28,459 | 171,546 | 164,556 | 160,861 |
| Operating grants and contributions | 8,427,419 | 9,288,470 | 9,221,403 | 9,476,691 |
| Capital grants and contributions | 774,938 | 1,031,458 | 2,089,708 | 3,102,336 |
| Total governmental activities program revenues | <u>17,376,644</u> | <u>18,114,081</u> | <u>20,010,646</u> | <u>20,855,430</u> |
| Business-type activities: | | | | |
| Charges for services: | | | | |
| Water utilities | 27,179,895 | 26,331,157 | 26,420,522 | 32,288,707 |
| Sanitation | 4,240,543 | 4,495,352 | 4,705,396 | 4,803,324 |
| Operating grants and contributions | 207,172 | 82,716 | | |
| Capital grants and contributions | | | | |
| Nonmajor funds - Longview Recreation Association | 561,158 | 516,957 | 602,889 | 714,995 |
| Total business-type activities program revenues | <u>32,188,768</u> | <u>31,426,182</u> | <u>31,728,807</u> | <u>37,807,026</u> |
| Total primary government program revenues | <u>\$ 49,565,412</u> | <u>\$ 49,540,263</u> | <u>\$ 51,739,453</u> | <u>\$ 58,662,456</u> |

(continued)

TABLE 2

CITY OF LONGVIEW, TEXAS
CHANGES IN NET POSITION
(Continued)
LAST TEN FISCAL YEARS

| 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| \$ 3,224,548 | \$ 3,825,493 | \$ 3,370,092 | \$ 3,370,755 | \$ 3,147,319 | \$ 3,137,756 |
| 39,454,022 | 39,463,863 | 42,433,989 | 40,531,515 | 45,840,775 | 47,161,033 |
| 11,097,787 | 11,430,457 | 10,733,392 | 13,091,128 | 13,701,429 | 14,716,963 |
| 3,194,264 | 2,645,444 | 2,779,375 | 2,894,415 | 2,968,115 | 3,150,995 |
| 11,774,530 | 12,010,715 | 12,585,476 | 11,074,028 | 11,390,434 | 10,978,736 |
| 2,110,537 | 2,341,016 | 2,482,593 | 2,426,635 | 2,035,785 | 2,166,843 |
| 7,020,452 | 7,178,751 | 6,633,691 | 7,178,549 | 7,480,963 | 7,174,784 |
| <u>2,695,573</u> | <u>2,457,093</u> | <u>3,323,942</u> | <u>2,950,051</u> | <u>2,958,756</u> | <u>2,619,992</u> |
| <u>80,571,713</u> | <u>81,352,832</u> | <u>84,342,550</u> | <u>83,517,075</u> | <u>89,523,576</u> | <u>91,107,103</u> |
| 30,054,555 | 30,245,272 | 30,405,509 | 31,636,175 | 31,528,822 | 31,597,150 |
| 4,781,169 | 4,881,272 | 5,222,130 | 5,190,423 | 5,590,040 | 5,622,492 |
| 758,580 | 697,719 | 767,919 | 508,908 | 297,312 | 357,501 |
| <u>35,594,304</u> | <u>35,824,263</u> | <u>36,395,558</u> | <u>37,335,506</u> | <u>37,416,174</u> | <u>37,577,143</u> |
| <u>\$ 116,166,017</u> | <u>\$ 117,177,095</u> | <u>\$ 120,738,108</u> | <u>\$ 120,852,581</u> | <u>\$ 126,939,750</u> | <u>\$ 128,684,246</u> |
| \$ 93,667 | \$ 82,127 | \$ 87,507 | \$ 77,636 | \$ 154,426 | \$ 332,593 |
| 7,574,304 | 7,587,266 | 7,962,114 | 7,556,235 | 7,331,879 | 7,024,951 |
| - | - | - | - | - | - |
| 1,007,281 | 1,151,373 | 1,076,074 | 994,771 | 1,019,927 | 716,792 |
| 658,334 | 690,640 | 783,514 | 786,874 | 901,112 | 790,129 |
| 381,502 | 432,345 | 348,037 | 334,574 | 283,205 | 239,239 |
| 162,078 | 161,673 | 163,467 | 131,888 | 180,603 | 173,708 |
| 9,305,395 | 8,588,290 | 9,452,460 | 11,664,955 | 8,902,098 | 9,540,496 |
| 510,059 | 1,518,166 | 1,397,447 | 1,078,988 | 1,661,646 | 2,563,848 |
| <u>19,692,620</u> | <u>20,211,880</u> | <u>21,270,620</u> | <u>22,625,921</u> | <u>20,434,896</u> | <u>21,381,756</u> |
| 31,805,126 | 34,758,190 | 32,637,964 | 33,630,824 | 33,829,860 | 33,547,536 |
| 4,922,633 | 4,990,505 | 5,019,873 | 5,027,157 | 5,260,006 | 5,312,890 |
| - | - | - | - | 2,101 | - |
| 700,378 | 708,131 | 646,023 | 516,140 | 398,907 | 398,017 |
| <u>37,428,137</u> | <u>40,456,826</u> | <u>38,303,860</u> | <u>39,174,121</u> | <u>39,490,874</u> | <u>39,258,443</u> |
| <u>\$ 57,120,757</u> | <u>\$ 60,668,706</u> | <u>\$ 59,574,480</u> | <u>\$ 61,800,042</u> | <u>\$ 59,925,770</u> | <u>\$ 60,640,199</u> |

CITY OF LONGVIEW, TEXAS

**CHANGES IN NET POSITION
(Continued)
LAST TEN FISCAL YEARS**

| | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
| NET (EXPENSE) REVENUES | | | | |
| Governmental activities | \$ (57,209,557) | \$ (61,783,664) | \$ (59,597,188) | \$ (58,829,551) |
| Business-type activities | (910,843) | (1,929,404) | (1,379,621) | 4,832,318 |
| Total primary government net expense | <u>\$ (58,120,400)</u> | <u>\$ (63,713,068)</u> | <u>\$ (60,976,809)</u> | <u>\$ (53,997,233)</u> |
| GENERAL REVENUES AND OTHER CHANGES IN NET POSITION | | | | |
| Governmental activities: | | | | |
| Taxes | | | | |
| Property | \$ 22,703,305 | \$ 24,876,171 | \$ 26,076,326 | \$ 24,878,943 |
| Franchise | 5,102,319 | 5,555,973 | 5,673,335 | 5,891,397 |
| Sales | 23,423,732 | 23,894,746 | 23,155,083 | 25,605,652 |
| Other | 2,748,784 | 1,708,834 | 1,629,808 | 1,675,448 |
| Interest | 1,609,669 | 794,468 | 257,225 | 257,970 |
| Miscellaneous | 1,924,964 | 1,923,797 | 2,164,371 | 2,562,942 |
| Gain (loss) on disposition of assets | 176,720 | 144,708 | 79,463 | 293,517 |
| Transfers | 1,989,968 | 2,515,045 | 2,439,902 | 2,346,927 |
| Other | | | | |
| Industrial agreements | | | | |
| Special items: | - | - | - | - |
| Total governmental activities | <u>59,679,461</u> | <u>61,413,742</u> | <u>61,475,513</u> | <u>63,512,796</u> |
| Business-type activities: | | | | |
| Interest | 1,270,297 | 888,340 | 172,081 | 130,876 |
| Gain (loss) on disposition of assets | (3,709) | | 97,102 | 5,955 |
| Transfers | (1,989,968) | (2,515,045) | (2,439,902) | (2,346,927) |
| Other | | | 85,806 | |
| Special items | - | - | - | - |
| Total business-type activities | <u>(723,380)</u> | <u>(1,626,705)</u> | <u>(2,084,913)</u> | <u>(2,210,096)</u> |
| Total primary government | <u>\$ 58,956,081</u> | <u>\$ 59,787,037</u> | <u>\$ 59,390,600</u> | <u>\$ 61,302,700</u> |
| CHANGE IN NET POSITION | | | | |
| Governmental activities | \$ 2,469,904 | \$ (369,922) | \$ 1,878,325 | \$ 4,683,245 |
| Business-type activities | (1,634,223) | (3,556,109) | (3,464,534) | 2,622,222 |
| Total primary government | <u>\$ 835,681</u> | <u>\$ (3,926,031)</u> | <u>\$ (1,586,209)</u> | <u>\$ 7,305,467</u> |

Sources: City of Longview Finance Department

TABLE 2

CITY OF LONGVIEW, TEXAS
CHANGES IN NET POSITION
(Continued)
LAST TEN FISCAL YEARS

| 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| \$(60,879,093) | \$(61,140,952) | \$(63,071,930) | \$(60,891,154) | \$(69,088,681) | \$(69,725,347) |
| <u>1,833,833</u> | <u>4,632,563</u> | <u>1,908,302</u> | <u>1,838,615</u> | <u>2,074,700</u> | <u>1,681,300</u> |
| <u>\$(59,045,260)</u> | <u>\$(56,508,389)</u> | <u>\$(61,163,628)</u> | <u>\$(59,052,539)</u> | <u>\$(67,013,981)</u> | <u>\$(68,044,047)</u> |
| | | | | | |
| \$ 26,463,213 | \$ 27,074,366 | \$ 27,235,966 | \$ 28,070,142 | \$ 28,810,561 | \$ 28,726,644 |
| 5,316,765 | 5,562,605 | 5,859,967 | 5,733,174 | 5,446,446 | 5,431,535 |
| 24,922,597 | 26,398,630 | 27,081,436 | 25,934,933 | 24,814,607 | 24,565,506 |
| 2,201,424 | 2,307,403 | 2,331,543 | 2,529,276 | 2,270,164 | 2,426,517 |
| 235,883 | 271,565 | 392,452 | 397,049 | 399,602 | 456,800 |
| 820,760 | 1,810,133 | 917,424 | 1,070,355 | 1,539,374 | 753,598 |
| (99,144) | 30,525 | 14,705 | 27,200 | - | 153,022 |
| 1,733,971 | 1,743,330 | 1,503,063 | 1,813,557 | 302,465 | 1,143,500 |
| - | - | - | 1,513,186 | 1,523,713 | 1,534,662 |
| <u>-</u> | <u>-</u> | <u>(3,714,105)</u> | <u>(1,322,772)</u> | <u>(451,954)</u> | <u>(424,026)</u> |
| <u>61,595,469</u> | <u>65,198,557</u> | <u>61,622,451</u> | <u>65,766,100</u> | <u>64,654,978</u> | <u>64,767,758</u> |
| | | | | | |
| 113,934 | 114,948 | 157,225 | 186,161 | 169,752 | 256,486 |
| - | 2,650 | 5,031 | 58,659 | - | 29,604 |
| 54,723 | 224,203 | 1,228 | 10,232 | 54,262 | 5,479 |
| - | - | - | 1,771 | 800,679 | - |
| <u>168,657</u> | <u>341,801</u> | <u>163,484</u> | <u>256,823</u> | <u>1,024,693</u> | <u>291,569</u> |
| <u>\$ 61,764,126</u> | <u>\$ 65,540,358</u> | <u>\$ 61,785,935</u> | <u>\$ 66,022,923</u> | <u>\$ 65,679,671</u> | <u>\$ 65,059,327</u> |
| | | | | | |
| \$ 716,376 | \$ 4,057,605 | \$(1,449,479) | \$ 4,874,946 | \$(4,433,703) | \$(4,957,589) |
| <u>2,002,490</u> | <u>4,974,364</u> | <u>2,071,786</u> | <u>2,095,438</u> | <u>3,099,393</u> | <u>1,972,869</u> |
| <u>\$ 2,718,866</u> | <u>\$ 9,031,969</u> | <u>\$ 622,307</u> | <u>\$ 6,970,384</u> | <u>\$(1,334,310)</u> | <u>\$(2,984,720)</u> |

(This page intentionally left blank)

TABLE 3

CITY OF LONGVIEW, TEXAS
 FUND BALANCES
 GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS

| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| General fund | | | | | | | | | | |
| Reserved | \$ 1,303,835 | \$ 606,186 | \$ 131,091 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unreserved | 14,366,291 | 14,675,839 | 16,992,517 | - | - | - | - | - | - | - |
| Nonspendable | | | | 155,600 | 141,623 | 101,242 | 181,214 | 206,026 | 186,913 | 227,342 |
| Restricted | | | | 71,183 | 75,884 | 55,046 | 61,289 | 61,408 | 51,590 | 59,194 |
| Committed | | | | - | - | - | - | - | - | - |
| Assigned | | | | 3,805,751 | 4,692,239 | 7,288,899 | 7,053,130 | 3,489,064 | 2,033,906 | 1,314,552 |
| Unassigned | | | | 17,415,534 | 14,659,946 | 15,938,054 | 13,544,591 | 13,857,357 | 15,826,082 | 15,949,231 |
| Total general fund | \$ 15,670,126 | \$ 15,282,025 | \$ 17,123,608 | \$ 21,448,068 | \$ 19,569,692 | \$ 23,383,241 | \$ 20,840,224 | \$ 17,613,855 | \$ 18,098,491 | \$ 17,550,319 |
| All other governmental funds | | | | | | | | | | |
| Reserved | \$ 17,430,753 | \$ 11,565,277 | \$ 7,029,215 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unreserved, reported in: | | | | | | | | | | |
| Capital Projects | | 8,078,271 | 5,658,710 | - | - | - | - | - | - | - |
| Special revenue funds | 5,559,614 | 4,011,235 | 4,653,079 | - | - | - | - | - | - | - |
| Nonspendable | | | | - | - | - | - | - | - | - |
| Restricted | | | | 30,159,407 | 28,326,422 | 18,368,349 | 35,849,541 | 29,272,927 | 26,815,410 | 16,770,165 |
| Committed | | | | 4,153,961 | 3,702,598 | 3,364,010 | 3,855,300 | 3,961,436 | 1,840,811 | 3,059,534 |
| Assigned | | | | 50,000 | - | - | - | - | - | - |
| Unassigned | | | | (316,480) | (201,248) | (153,269) | (108,269) | (61,269) | (33,179) | - |
| Total all other governmental funds | \$ 22,990,367 | \$ 23,654,783 | \$ 17,341,004 | \$ 34,046,888 | \$ 31,827,772 | \$ 21,579,090 | \$ 39,596,572 | \$ 33,173,094 | \$ 28,623,042 | \$ 19,829,699 |
| Total Governmental Funds | \$ 38,660,493 | \$ 38,936,808 | \$ 34,464,612 | \$ 55,494,956 | \$ 51,397,464 | \$ 44,962,331 | \$ 60,436,796 | \$ 50,786,949 | \$ 46,721,533 | \$ 37,380,018 |

Note: Fund balance categories from 2011 forward are categorized according to the Governmental Accounting Statements No. 54

Sources: City of Longview Finance Department

TABLE 4

CITY OF LONGVIEW, TEXAS
 CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS

| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| REVENUES | | | | | | | | | | |
| Taxes | \$ 54,242,619 | \$ 55,791,115 | \$ 56,169,174 | \$ 58,463,767 | \$ 58,936,599 | \$ 61,371,121 | \$ 62,485,487 | \$ 62,429,517 | \$ 61,050,566 | \$ 60,947,468 |
| Licenses and permits | 1,379,603 | 1,041,044 | 1,165,887 | 1,014,188 | 1,272,516 | 1,404,451 | 1,321,450 | 1,257,368 | 1,288,693 | 987,139 |
| Fines and forfeitures | 2,225,890 | 2,185,603 | 2,449,613 | 2,771,417 | 3,309,089 | 3,530,271 | 3,500,988 | 2,999,647 | 2,817,223 | 2,313,755 |
| Charges for services | 3,993,768 | 4,403,744 | 4,809,119 | 4,767,098 | 5,093,076 | 5,323,460 | 5,317,503 | 5,646,314 | 5,695,764 | 5,922,642 |
| Intergovernmental | 10,396,979 | 10,319,928 | 11,311,111 | 12,579,027 | 9,815,454 | 10,106,457 | 10,849,907 | 12,483,259 | 10,563,746 | 11,941,016 |
| Investment income | 1,609,669 | 778,702 | 231,266 | 208,071 | 211,732 | 243,056 | 351,198 | 357,935 | 345,205 | 411,092 |
| Contractual fees | 1,100,000 | 1,158,000 | 1,166,320 | 1,724,972 | 1,733,971 | 1,743,330 | 1,503,063 | 1,513,186 | 1,523,713 | 1,534,662 |
| Developer participation agreements | | | | | | | | | 302,465 | 1,143,500 |
| Miscellaneous | 915,092 | 765,797 | 988,656 | 1,106,831 | 812,143 | 745,711 | 780,773 | 1,055,569 | 1,512,413 | 753,598 |
| Total revenues | 75,863,620 | 76,443,933 | 78,291,146 | 82,635,371 | 81,184,580 | 84,467,857 | 86,110,369 | 89,556,352 | 85,099,788 | 85,954,872 |
| EXPENDITURES | | | | | | | | | | |
| General government | 4,538,139 | 5,045,923 | 5,343,613 | 5,075,012 | 2,973,445 | 3,418,541 | 3,007,509 | 3,056,582 | 2,431,245 | 2,472,272 |
| Public safety | 34,296,990 | 35,684,092 | 36,184,465 | 36,396,690 | 36,515,537 | 36,710,992 | 39,442,504 | 39,991,983 | 42,240,962 | 42,636,706 |
| Public works | 6,045,967 | 6,384,244 | 6,009,023 | 6,105,838 | 6,900,308 | 7,782,228 | 7,462,934 | 9,161,707 | 8,532,578 | 9,161,370 |
| Culture and recreation | 8,312,921 | 8,893,765 | 8,110,382 | 8,671,942 | 8,949,232 | 9,091,496 | 9,601,739 | 7,891,913 | 7,714,340 | 7,468,202 |
| Developmental services | 3,901,766 | 3,171,102 | 3,171,665 | 3,476,516 | 3,201,941 | 2,618,860 | 2,719,098 | 2,884,193 | 2,534,402 | 2,572,295 |
| Public welfare | 6,073,466 | 6,672,434 | 6,719,784 | 6,949,009 | 6,868,627 | 6,985,537 | 6,409,229 | 7,068,815 | 7,289,195 | 7,036,370 |
| Public transit | 1,580,378 | 1,391,198 | 2,122,742 | 1,222,924 | 1,834,871 | 2,035,601 | 2,152,887 | 2,092,936 | 1,801,773 | 1,875,708 |
| Arts and culture | | | | | | | | | | |
| Capital outlay | 15,253,541 | 20,272,572 | 9,628,842 | 9,677,027 | 9,685,498 | 15,027,252 | 15,613,833 | 19,693,189 | 17,371,310 | 12,897,687 |
| Debt service: | | | | | | | | | | |
| Principal | 5,499,659 | 5,546,307 | 5,583,952 | 5,304,445 | 5,897,682 | 5,023,213 | 4,934,075 | 5,011,017 | 5,274,251 | 6,716,873 |
| Interest and fiscal charges | 2,153,682 | 2,634,963 | 2,397,814 | 2,455,848 | 2,498,075 | 2,441,226 | 3,193,385 | 2,806,329 | 4,008,485 | 2,472,452 |
| Bond issue expenses | - | - | - | - | - | - | - | - | - | - |
| Total expenditures | 87,656,509 | 95,696,600 | 85,272,282 | 85,335,251 | 85,325,216 | 91,134,946 | 94,537,193 | 99,658,664 | 99,198,541 | 95,309,935 |

(continued)

TABLE 4

CITY OF LONGVIEW, TEXAS
 CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 (Continued)
 LAST TEN FISCAL YEARS

| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|--|------------------------|------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|------------------------|------------------------|-----------------------|
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | <u>\$(11,792,889)</u> | <u>\$(19,252,667)</u> | <u>\$(6,981,136)</u> | <u>\$(2,699,880)</u> | <u>\$(4,140,636)</u> | <u>\$(6,667,089)</u> | <u>\$(8,426,824)</u> | <u>\$(10,102,312)</u> | <u>\$(14,098,753)</u> | <u>\$(9,355,063)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | | | | | |
| Issuance of bonds | | 11,250,000 | | 21,303,620 | | | 23,166,362 | - | 6,970,000 | - |
| Capital lease | | | | | | | | 486,229 | - | - |
| Payments to escrow account | | | | | | | | | (18,020,000) | - |
| Refunding bonds issued | | | | | | | (5,685,000) | - | | - |
| Premium on refunded bonds | | 140,190 | | | | | 5,978,639 | - | 17,565,000 | - |
| Proceeds from lease | 404,374 | 5,724,939 | | | | | 590,622 | - | 2,926,737 | - |
| Discount on refunding bonds | | | | | | | | | 1,064,637 | - |
| Sale of capital assets | 143,260 | 3,793 | 67,055 | 67,660 | 32,042 | 62,193 | 39,980 | 41,986 | 26,963 | 13,548 |
| Proceeds from insurance | | | | | 18,876 | | 35,586 | | | |
| Transfers in | 7,601,787 | 7,464,161 | 6,701,596 | 8,759,908 | 7,826,891 | 4,051,065 | 7,365,310 | 4,990,991 | 2,049,848 | 1,229,442 |
| Transfers out | <u>(5,539,722)</u> | <u>(5,061,181)</u> | <u>(4,259,711)</u> | <u>(6,428,356)</u> | <u>(7,826,891)</u> | <u>(4,051,065)</u> | <u>(7,365,310)</u> | <u>(4,954,569)</u> | <u>(2,549,848)</u> | <u>(1,229,442)</u> |
| Total other financing sources (uses) | <u>2,609,699</u> | <u>19,521,902</u> | <u>2,508,940</u> | <u>23,702,832</u> | <u>50,918</u> | <u>62,193</u> | <u>23,901,289</u> | <u>564,637</u> | <u>10,033,337</u> | <u>13,548</u> |
| Special Item | | | | | | | | (28,832) | | |
| NET CHANGE IN FUND BALANCES | <u>\$(9,183,190)</u> | <u>\$ 269,235</u> | <u>\$(4,472,196)</u> | <u>\$ 21,002,952</u> | <u>\$(4,089,718)</u> | <u>\$(6,604,896)</u> | <u>\$ 15,474,465</u> | <u>\$(9,566,507)</u> | <u>\$(4,065,416)</u> | <u>\$(9,341,515)</u> |
| DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES | <u>10.6%</u> | <u>10.8%</u> | <u>10.6%</u> | <u>10.3%</u> | <u>11.1%</u> | <u>9.8%</u> | <u>10.3%</u> | <u>9.8%</u> | <u>11.3%</u> | <u>11.2%</u> |

TABLE 5

CITY OF LONGVIEW, TEXAS
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

| Fiscal Year | Assessed Value | | Total Taxable Assessed Value | Total Direct Tax Rate | Estimated Actual Taxable Value |
|----------------|------------------|----------------------|------------------------------------|-----------------------------|---|
| | Real Property | Personal Property | | | |
| 2008 | 3,417,163,747 | 1,515,933,570 | 4,933,097,317 | 0.48400 | 4,933,097,317 |
| 2009 | 3,685,792,742 | 1,495,960,970 | 5,181,753,712 | 0.48400 | 5,181,753,712 |
| 2010 | 3,736,170,685 | 1,558,420,210 | 5,294,590,895 | 0.48400 | 5,294,590,895 |
| 2011 | 3,835,216,003 | 1,449,800,503 | 5,285,016,506 | 0.48400 | 5,285,016,506 |
| 2012 | 3,930,112,873 | 1,448,683,398 | 5,378,796,271 | 0.50090 | 5,378,796,271 |
| 2013 | 4,016,546,856 | 1,499,949,228 | 5,516,496,084 | 0.50090 | 5,516,496,084 |
| 2014 | 4,089,780,995 | 1,409,296,781 | 5,499,077,776 | 0.50990 | 5,499,077,776 |
| 2015 | 4,214,158,752 | 1,398,711,341 | 5,612,870,093 | 0.50990 | 5,612,870,093 |
| 2016 | 4,334,364,463 | 1,376,311,435 | 5,710,675,898 | 0.50990 | 5,710,675,898 |
| 2017 | 4,421,726,067 | 1,299,421,498 | 5,721,147,565 | 0.50990 | 5,721,147,565 |

Source: Gregg County Appraisal District & Harrison County Appraisal District

CITY OF LONGVIEW, TEXAS
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS

| Fiscal Year | City Direct Rates | | | Overlapping Rates | | | | |
|-------------|-------------------|-------------------|-------------------|-------------------|--------------|-----------------|---------------|----------------|
| | Operating Rate | Debt Service Rate | Total Direct Rate | Gregg County | Longview ISD | Spring Hill ISD | Pine Tree ISD | Hallsville ISD |
| 2008 | 0.36580 | 0.11820 | 0.48400 | 0.27000 | 1.13805 | 1.18500 | 1.34690 | 1.35900 |
| 2009 | 0.37070 | 0.11330 | 0.48400 | 0.26750 | 1.29795 | 1.54000 | 1.34850 | 1.30000 |
| 2010 | 0.37070 | 0.11330 | 0.48400 | 0.26750 | 1.43800 | 1.58000 | 1.37850 | 1.35300 |
| 2011 | 0.36620 | 0.11780 | 0.48400 | 0.26500 | 1.51300 | 1.54000 | 1.37850 | 1.42300 |
| 2012 | 0.36620 | 0.13470 | 0.50090 | 0.26250 | 1.51300 | 1.54000 | 1.51100 | 1.42300 |
| 2013 | 0.37220 | 0.12870 | 0.50090 | 0.26250 | 1.51300 | 1.67000 | 1.51100 | 1.39300 |
| 2014 | 0.38000 | 0.12090 | 0.50090 | 0.26250 | 1.51300 | 1.67000 | 1.55500 | 1.38300 |
| 2015 | 0.38000 | 0.12990 | 0.50990 | 0.26250 | 1.51300 | 1.67000 | 1.55500 | 1.37000 |
| 2016 | 0.38000 | 0.12990 | 0.50990 | 0.26250 | 1.51300 | 1.67000 | 1.55500 | 1.37000 |
| 2017 | 0.38000 | 0.12990 | 0.50990 | 0.26250 | 1.51300 | 1.67000 | 1.55500 | 1.37000 |

Source: Tax departments of respective entities

TABLE 7

**CITY OF LONGVIEW, TEXAS
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO**

| Taxpayer | 2017 | |
|---|-------------------------|---|
| | Taxable Assessed Value* | Percentage of Total City Taxable Assessed Value** |
| Joy Global Longview Operations LLC | \$ 78,023,350 | 1.36% |
| Longview Medical/Longview Regional | 75,902,110 | 1.33% |
| Wal-mart/Sam's | 59,975,930 | 1.05% |
| GSHS Inc/Good Shepherd Hospital/GAHC3 Longview Tx | 53,264,720 | 0.93% |
| Rexam Beverage Can Company | 46,929,230 | 0.82% |
| AEP Southwestern Electric Power Co | 46,357,000 | 0.81% |
| Trinity Tank Car/Trinity Industries Inc | 45,411,980 | 0.79% |
| Halliburton Energy Services | 30,534,530 | 0.53% |
| OHI Asset (TX) Longview LLC | 27,782,790 | 0.49% |
| Flint Hills Resources LP | 22,428,750 | 0.39% |
| Total | \$ 486,610,390 | 8.51% |

| Taxpayer | 2008 | |
|----------------------------------|-------------------------|---|
| | Taxable Assessed Value* | Percentage of Total City Taxable Assessed Value** |
| LeTourneau, Inc. | \$ 140,847,200 | 2.86% |
| Longview Regional Medical Center | 69,797,320 | 1.41% |
| Wal-Mart/Sam's | 67,659,130 | 1.37% |
| General Motors Corp | 63,838,110 | 1.29% |
| Dana Corporation | 48,811,710 | 0.99% |
| Trinity Industries | 47,169,800 | 0.96% |
| Dowell Schlumberger | 46,970,390 | 0.95% |
| AEP southwestern Electric | 46,883,860 | 0.95% |
| Flint Hills Resources | 40,315,690 | 0.82% |
| Liberty Pressure Pumping | 37,649,100 | 0.76% |
| Total | \$ 609,942,310 | 12.36% |

Sources:

- * Gregg County Appraisal District
- ** Harrison County Appraisal District
- *** City of Longview Finance Department

TABLE 8

CITY OF LONGVIEW, TEXAS

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

| Fiscal Year Ended | Taxes Levied for the Fiscal Year | Collected With the | | Collections in Subsequent Years | Total Collections to Date | |
|----------------------|--|-----------------------------------|-----------------------|---------------------------------------|---------------------------|-----------------------|
| | | Fiscal Year of the Levy Amount | Percentage of Levy | | Amount | Percentage of Levy |
| 2008 | 22,626,702 | 22,262,087 | 98.39% | 312,510 | 22,574,597 | 99.77% |
| 2009 | 24,520,685 | 24,094,184 | 98.26% | 375,356 | 24,469,540 | 99.79% |
| 2010 | 25,358,256 | 25,015,899 | 98.65% | 340,618 | 25,356,517 | 99.99% |
| 2011 | 24,999,971 | 24,649,525 | 98.60% | 290,276 | 24,939,801 | 99.76% |
| 2012 | 26,295,306 | 25,889,469 | 98.46% | 318,807 | 26,208,277 | 99.67% |
| 2013 | 27,121,455 | 26,478,068 | 97.63% | 545,959 | 27,024,027 | 99.64% |
| 2014 | 26,925,880 | 26,465,379 | 98.29% | 342,400 | 26,807,778 | 99.56% |
| 2015 | 27,866,408 | 27,449,497 | 98.50% | 264,699 | 27,714,196 | 99.45% |
| 2016 | 28,371,765 | 27,945,789 | 98.50% | 190,101 | 28,135,890 | 99.17% |
| 2017 | 28,456,244 | 27,968,839 | 98.29% | - | 27,968,839 | 98.29% |

Sources: Gregg County Tax Assessor/Collector
Harrison County Tax Assessor/Collector

TABLE 9

CITY OF LONGVIEW, TEXAS

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

| Fiscal Year | Governmental Activities | | Business-type Activities | | Total Primary Government | Percentage of Personal Income | Per Capita |
|-------------|--------------------------|----------------|--------------------------|----------------|--------------------------|-------------------------------|------------|
| | General Obligation Bonds | Capital Leases | Water Revenue Bonds | Capital Leases | | | |
| 2008 | 49,581,206 | 1,289,048 | 92,455,689 | 118,768 | 143,444,711 | 4.32% | 1,809 |
| 2009 | 56,070,802 | 6,322,680 | 87,231,558 | 1,018,575 | 150,643,615 | 9.16% | 1,961 |
| 2010 | 51,357,487 | 5,543,675 | 81,773,347 | 2,527,377 | 141,201,885 | 7.18% | 1,803 |
| 2011 | 67,987,132 | 4,994,900 | 82,294,567 | 2,223,862 | 157,500,461 | 7.76% | 1,939 |
| 2012 | 62,726,778 | 4,390,340 | 76,512,297 | 1,942,695 | 145,572,110 | 7.55% | 1,788 |
| 2013 | 58,186,423 | 3,940,178 | 74,061,356 | 1,651,015 | 137,838,972 | 7.16% | 1,671 |
| 2014 | 77,805,593 | 3,563,837 | 65,181,400 | 3,176,335 | 149,727,165 | 7.62% | 1,791 |
| 2015 | 72,974,080 | 3,717,212 | 58,914,959 | 2,666,500 | 138,272,751 | 6.80% | 1,636 |
| 2016 | 77,318,135 | 4,375,427 | 53,553,017 | 2,112,798 | 137,359,377 | 6.79% | 1,659 |
| 2017 | 71,988,632 | 2,689,429 | 48,507,489 | 1,461,667 | 124,647,217 | 5.85% | 1,510 |

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

TABLE 10

CITY OF LONGVIEW, TEXAS

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS

| Fiscal Year | General Bonded Debt Outstanding | | | Ratio of Net Bonded Debt to Assessed Value | Net Bonded Debt Per Capita |
|----------------|---------------------------------|------------------------------|-------------------------------|---|-------------------------------------|
| | Gross General Bonded Debt | Less Debt Service Fund | Net General Bonded Debt | | |
| 2008 | 49,581,206 | 2,285,332 | 47,295,875 | 0.9587% | 601 |
| 2009 | 56,070,802 | 2,290,255 | 53,780,547 | 1.0379% | 704 |
| 2010 | 51,357,487 | 2,369,331 | 48,988,156 | 0.9252% | 628 |
| 2011 | 67,987,132 | 2,529,887 | 65,457,245 | 1.2385% | 807 |
| 2012 | 62,726,778 | 2,857,328 | 59,869,450 | 1.1131% | 737 |
| 2013 | 58,186,423 | 2,987,721 | 55,198,702 | 1.0006% | 670 |
| 2014 | 77,805,593 | 2,504,151 | 75,301,442 | 1.3693% | 893 |
| 2015 | 72,974,080 | 2,328,153 | 70,645,927 | 1.2586% | 836 |
| 2016 | 77,318,135 | 2,323,631 | 74,994,504 | 1.3132% | 906 |
| 2017 | 71,988,632 | 2,353,669 | 69,634,963 | 1.2172% | 843 |

TABLE 11

CITY OF LONGVIEW, TEXAS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF SEPTEMBER 30, 2017

| Government Unit | Debt Outstanding | Estimated Percentage Applicable | (1) | Estimated Share of Direct and Overlapping Debt |
|--|---------------------|---------------------------------------|-----|--|
| Total Direct Bonded Debt | | | | |
| City of Longview | \$ 74,678,061 | 100.00% | | \$ 74,678,061 |
| Total Overlapping Debt | | | | |
| Gregg County | - | 58.19% | | - |
| Harrison County | 2,440,000 | 03.91% | | 95,404 |
| Longview Independent School District | 265,489,254 | 72.34% | | 192,054,926 |
| Pine Tree Independent School District | 61,395,000 | 95.66% | | 58,730,457 |
| Spring Hill Independent School District | 40,881,000 | 100.00% | | 40,881,000 |
| Hallsville Independent School District | 73,125,000 | 10.13% | | 7,407,563 |
| Total Overlapping Debt | | | | <u>299,169,350</u> |
| City direct debt | | | | <u>74,678,061</u> |
| Total direct and overlapping debt | | | | <u>\$ 373,847,411</u> |

Sources: Southwest Securities

Notes: (1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the City's taxable assessed value that is within the overlapping government's boundaries and dividing it by the overlapping government's total taxable assessed value.

CITY OF LONGVIEW, TEXAS
COMPUTATION OF LEGAL DEBT MARGIN
SEPTEMBER 30, 2017
(UNAUDITED)

Article XI, Section 5 of the State of Texas Constitution states in part: "...no tax for any purpose shall ever be lawful for any one year, which shall exceed two and one-half percent of the taxable property of such city."

As a home rule city, the City of Longview is not limited by law in the amount of debt it may issue. The City's Charter provides that general property taxes are limited to \$2.50 per \$100 of assessed valuation for general governmental services including the payment of principal and interest on general obligation bonds.

The tax rate for fiscal year 2017 was established at \$.5099 per \$100 of assessed valuation based on 100% of appraised value.

TABLE 13

CITY OF LONGVIEW, TEXAS
PLEDGED REVENUE COVERAGE
LAST TEN FISCAL YEARS

| Fiscal Year | Water Revenue Bonds | | | | | Coverage |
|----------------|---------------------|--------------------------------|-----------------------------|--------------|-----------|----------|
| | Water Revenue | Less: Operating Expenses | Net Available Revenue | Debt Service | | |
| | | | | Principal | Interest | |
| 2008 | 28,629,169 | 15,553,522 | 13,075,647 | 5,130,000 | 4,165,043 | 1.41 |
| 2009 | 27,300,073 | 16,078,269 | 11,221,804 | 5,345,000 | 4,038,268 | 1.20 |
| 2010 | 26,601,574 | 15,882,851 | 10,718,724 | 5,680,000 | 3,688,494 | 1.14 |
| 2011 | 32,417,302 | 16,425,569 | 15,991,733 | 6,005,000 | 3,291,675 | 1.72 |
| 2012 | 31,967,160 | 18,577,748 | 13,389,412 | 6,120,000 | 3,633,906 | 1.37 |
| 2013 | 34,864,257 | 17,288,393 | 17,575,864 | 5,860,000 | 3,361,288 | 1.91 |
| 2014 | 32,782,345 | 19,223,840 | 13,558,505 | 6,090,000 | 3,003,869 | 1.49 |
| 2015 | 33,808,414 | 19,280,197 | 14,528,217 | 6,225,000 | 2,137,217 | 1.74 |
| 2016 | 33,993,303 | 19,380,671 | 14,612,632 | 5,820,000 | 1,852,413 | 1.90 |
| 2017 | 33,798,014 | 22,268,760 | 11,529,254 | 4,685,000 | 1,539,969 | 1.85 |

TABLE 14

CITY OF LONGVIEW, TEXAS
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

| <u>Calendar Year</u> | <u>Population</u> | <u>School Enrollment</u> | <u>Personal Income</u> | <u>Per Capita Personal Income</u> | <u>Unemployment Rate</u> |
|----------------------|-------------------|--------------------------|------------------------|-----------------------------------|--------------------------|
| 2008 | 79,294 | 18,542 | 3,323,608,010 | 41,915 | 4.4% |
| 2009 | 76,816 | 19,018 | 1,645,091,456 | 21,416 | 8.8% |
| 2010 | 78,318 | 19,453 | 1,966,408,344 | 25,108 | 7.9% |
| 2011 | 81,238 | 19,717 | 2,029,650,192 | 24,984 | 7.4% |
| 2012 | 81,407 | 19,656 | 1,928,043,388 | 23,684 | 5.7% |
| 2013 | 82,483 | 19,769 | 1,925,813,084 | 23,348 | 5.0% |
| 2014 | 83,584 | 20,063 | 1,964,558,336 | 23,504 | 3.5% |
| 2015 | 84,544 | 20,225 | 2,032,184,128 | 24,037 | 4.8% |
| 2016 | 82,781 | 20,205 | 2,022,919,297 | 24,437 | 5.3% |
| 2017 | 82,573 | 20,290 | 2,129,970,535 | 25,795 | 4.6% |

Sources: School enrollment provided by Longview ISD, Pine Tree ISD, Spring Hill ISD and Hallsville ISD. Unemployment rate and per Capita Personal income was provided by the Longview Partnership.

TABLE 15

CITY OF LONGVIEW, TEXAS

PRINCIPAL EMPLOYERS
Current and Five years ago

| Employer | 2017 | |
|---------------------------------------|---------------|-------------------------------------|
| | Employees | Percentage of Total City Employment |
| Good Shepherd Medical Center | 2,630 | 2.82% |
| Trinity Rail, LLC | 1,553 | 1.67% |
| Eastman Chemical | 1,502 | 1.61% |
| Longview Independent School District | 1,348 | 1.45% |
| Wal-Mart | 1,086 | 1.17% |
| Longview Regional Medical Center | 987 | 1.06% |
| City of Longview | 866 | 0.93% |
| Pine Tree Independent School District | 694 | 0.74% |
| Diagnostic Clinic of Longview | 644 | 0.69% |
| Gregg County | 615 | 0.66% |
| Total | <u>11,925</u> | <u>12.79%</u> |
| Employer | 2012 | |
| | Employees | Percentage of Total City Employment |
| Good Shepherd Medical Center | 3,000 | 2.60% |
| Eastman Chemical | 1,477 | 1.28% |
| Longview ISD | 1,239 | 1.08% |
| Wal-mart Supercenters | 1,207 | 1.05% |
| Trinity Rail, LLC | 1,143 | 0.99% |
| Joy Global | 1,075 | 0.93% |
| City of Longview | 927 | 0.80% |
| Longview Regional Medical Center | 763 | 0.66% |
| Diagnostic Clinic of Longview | 690 | 0.60% |
| Pine Tree ISD | 671 | 0.58% |
| Total | <u>12,192</u> | <u>10.57%</u> |

Note 1: Percentage of City Employment based on Longview MSA employment of 93,201

Sources: provided by Longview Partnership

TABLE 16

CITY OF LONGVIEW, TEXAS
 FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES
 BY FUNCTION/PROGRAM
 LAST TEN FISCAL YEARS

| Function/Program | 2008 | 2009 | 2009 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---------------------------|------|------|------|------|------|------|------|------|------|------|
| General government | 73 | 73 | 73 | 73 | 73 | 80 | 84 | 88 | 90 | 89 |
| Administrative services | 11 | 10 | 10 | 10 | 11 | 11 | 11 | 11 | 11 | 11 |
| Human resources | 5 | 6 | 6 | 7 | 7 | 7 | 7 | 8 | 7 | 7 |
| Finance | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Purchasing | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Planning and zoning | 3 | 3 | 3 | 3 | 3 | 3 | 2 | 2 | 2 | 2 |
| MPO | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 7 | 7 | 7 |
| Building inspection | 24 | 24 | 24 | 24 | 18 | 18 | 18 | 11 | 7 | 7 |
| Environmental health | 2 | 2 | 2 | 3 | 3 | 3 | 3 | 16 | 15 | 15 |
| Developmental service | - | - | - | - | - | - | - | - | 19 | 19 |
| Animal Services | 27 | 27 | 27 | 27 | 34 | 30 | 32 | 33 | 33 | 33 |
| Other | 173 | 173 | 173 | 177 | 175 | 175 | 172 | 172 | 172 | 172 |
| Police | 21 | 21 | 21 | 18 | 18 | 18 | 18 | 18 | 18 | 19 |
| Officers | 161 | 161 | 161 | 160 | 159 | 159 | 162 | 163 | 169 | 169 |
| Civilians | 7 | 7 | 7 | 7 | 9 | 9 | 9 | 9 | 9 | 9 |
| Fire | 29 | 29 | 29 | 29 | 31 | 31 | 31 | 24 | 29 | 29 |
| Firefighters and officers | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 3 | 3 | 3 |
| Civilians | 2 | 4 | 4 | 3 | 4 | 4 | 4 | 4 | 4 | 4 |
| Administration | 13 | 13 | 13 | 13 | 14 | 14 | 14 | 14 | 14 | 14 |
| Utility services | 25 | 24 | 24 | 23 | 20 | 18 | 18 | 17 | 17 | 17 |
| Streets | 15 | 15 | 15 | 15 | 18 | 21 | 23 | 23 | 24 | 24 |
| Drainage | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 12 |
| Fleet services | 6 | 6 | 6 | 6 | 7 | 7 | 7 | 7 | 7 | 7 |
| Traffic maintenance | - | - | - | - | - | - | - | 15 | 7 | 7 |
| Facility Services | - | - | - | - | - | - | - | - | 8 | 8 |
| Beautification | 54 | 52 | 52 | 52 | 53 | 56 | 56 | 41 | 41 | 41 |
| Parks and recreation | 19 | 17 | 17 | 18 | 18 | 18 | 18 | 18 | 18 | 18 |
| Library | 29 | 29 | 29 | 29 | 29 | 29 | 29 | 29 | 29 | 29 |
| Water services | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Water purification | 31 | 31 | 31 | 31 | 31 | 30 | 30 | 29 | 29 | 29 |
| Water supply | 22 | 22 | 22 | 22 | 22 | 23 | 23 | 23 | 23 | 23 |
| Water distribution | 22 | 22 | 22 | 21 | 21 | 21 | 22 | 22 | 22 | 22 |
| Wastewater collection | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Wastewater treatment | - | - | - | - | - | - | - | - | - | - |
| Plant Automation | 814 | 811 | 811 | 811 | 815 | 821 | 830 | 834 | 861 | 860 |
| Transit | - | - | - | - | - | - | - | - | - | - |
| Total | 814 | 811 | 811 | 811 | 815 | 821 | 830 | 834 | 861 | 860 |

TABLE 17

CITY OF LONGVIEW, TEXAS
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

| Function/Program | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| General government | | | | | | | | | | |
| Building permits issued | 2,220 | 3,696 | 4,518 | 3,981 | 3,826 | 4,063 | 4,998 | 5,891 | 5,068 | 4,022 |
| Police | | | | | | | | | | |
| Physical arrests | 4,957 | 4,675 | 4,653 | 4,689 | 5,481 | 4,994 | 4,607 | 4,259 | 4,735 | 4,917 |
| Parking violations | 284 | 312 | 211 | 217 | 81 | 32 | 11 | 3,624 | 419 | 63 |
| Traffic violations | 24,719 | 20,032 | 15,133 | 11,988 | 21,169 | 16,837 | 17,880 | 13,754 | 12,777 | 12,430 |
| Fire | | | | | | | | | | |
| Emergency responses | 15,565 | 15,471 | 15,767 | 16,538 | 15,654 | 16,320 | 16,653 | 17,197 | 17,759 | 18,287 |
| Fires extinguished | 418 | 516 | 443 | 592 | 389 | 446 | 352 | 372 | 385 | 309 |
| Inspections | 4,338 | 3,709 | 3,984 | 3,179 | 1,483 | 912 | 2,214 | 3,978 | 2,739 | 3,960 |
| Refuse collection | | | | | | | | | | |
| Refuse collected (tons per day) | 118 | 161 | 182 | 119 | 118 | 114 | 112 | 126 | 126 | 121 |
| Recyclables collected (tons per day) | 14 | 4 | 27 | 27 | 30 | 36 | 27 | 18 | 21 | 16 |
| Yard Waste Collected (tons per day)** | | | | | | | | | | 42 |
| Other public works | | | | | | | | | | |
| Street resurfacing (miles) | 3 | 2 | 16 | 15 | 15 | 29 | 18 | 17 | 10 | 9 |
| Potholes repaired | 1,232 | 1,009 | 985 | 927 | 869 | 1,183 | 1,434 | 1,866 | 1,853 | 1,519 |
| Parks and recreation | | | | | | | | | | |
| Park programs (# participants) | 41,506 | 183,109 | 149,570 | 153,904 | 97,702 | 101,324 | 639,983 | 316,178 | 160,225 | 166,882 |
| Facility/field/pavilion rentals | 6,286 | 3,259 | 2,505 | 8,751 | 5,268 | 7,000 | 7,109 | 1,589 | 1,770 | 1,881 |
| Recreation centers (# members) | 791 | 856 | 739 | 752 | 1,602 | 1,009 | 976 | 1,230 | 3,225 | 4,842 |
| Recreation programs (#classes) | 45 | 163 | 324 | 379 | 264 | 280 | 1,903 | 404 | 339 | 304 |
| Tournaments** | | | | | | | | | | 82 |
| Library | | | | | | | | | | |
| Volumes in collection | 162,823 | 141,170 | 151,467 | 138,512 | 123,754 | 158,818 | 143,111 | 113,836 | 168,105 | 155,842 |
| Water | | | | | | | | | | |
| Service connections | 28,148 | 28,278 | 28,555 | 28,802 | 28,828 | 29,018 | 29,008 | 29,532 | 29,311 | 29,468 |
| Water main breaks | - | - | - | - | - | - | - | - | - | - |
| Average daily consumption (thousands of gallons) | 15 | 15 | 16 | 18 | 16 | 17 | 15 | 15 | 15 | 15 |
| Wastewater | | | | | | | | | | |
| Service connections | 25,575 | 25,681 | 25,921 | 26,018 | 26,084 | 26,236 | 28,494 | 26,511 | 29,328 | 29,442 |
| Average daily sewage treatment (thousands of gallons) | 12 | 11 | 12 | 10 | 11 | 11 | 12 | 14 | 13 | 9 |
| Transit*** | | | | | | | | | | |
| Total route miles | 358,649 | 345,426 | 337,770 | 184,925 | 294,958 | 387,757 | 374,188 | 304,068 | 312,973 | 313,380 |
| Passengers | 184,853 | 198,113 | 187,026 | 334,935 | 214,803 | 244,150 | 257,341 | 252,232 | 242,356 | 232,303 |

Source:

Various City departments

Notes:

** New Areas

*** City of Longview Transit system

TABLE 18

CITY OF LONGVIEW, TEXAS
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

| Function/Program | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|--|-------|-------|-------|-------|-------|--------|--------|--------|--------|--------|
| Police | | | | | | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Substations | - | - | - | - | - | - | - | - | - | - |
| Community offices | 6 | 6 | 6 | 6 | 6 | 7 | 7 | 7 | 7 | 6 |
| Fire | | | | | | | | | | |
| Stations | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| Hydrants | 3,361 | 3,373 | 3,515 | 3,618 | 3,655 | 3,741 | 3,801 | 3,858 | 3,831 | 3,110 |
| Refuse collection | | | | | | | | | | |
| Collection trucks | 12 | 15 | 21 | 21 | 21 | 21 | 21 | 15 | 16 | 16 |
| Other public works | | | | | | | | | | |
| Asphalt streets (miles) | 376 | 494 | 378 | 379 | 384 | 384.4 | 482 | 392 | 392 | 390.5 |
| Concrete, oil dirt, brick streets (mi) | 54 | 45 | 61 | 62 | 57 | 57.6 | 60 | 53.3 | 53 | 55 |
| Asphalt, oil dirt alleys (miles) | 9 | 1 | 9 | 9 | 9 | 9 | 1 | 9 | 9 | 9 |
| Traffic signals | 132 | 133 | 136 | 137 | 131 | 134 | 134 | 130 | 134 | 135 |
| Parks and recreation | | | | | | | | | | |
| Acreage developed | 612 | 612 | 651 | 651 | 651 | 651.2 | 651.2 | 651.2 | 651.2 | 651.2 |
| Acreage undeveloped | 129 | 129 | 129 | 138 | 138 | 138.06 | 138.06 | 138.06 | 138.06 | 138.06 |
| Playgrounds | 23 | 23 | 23 | 24 | 24 | 24 | 24 | 24 | 24 | 24 |
| Libraries | | | | | | | | | | |
| Number of libraries (public) | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Water | | | | | | | | | | |
| Water mains (miles) | 663 | 700 | 657 | 674 | 757 | 642.93 | 739 | 746 | 756 | 763.6 |
| Plant capacity | | | | | | | | | | |
| millions of gallons daily | 52 | 52 | 52 | 52 | 52 | 52 | 52 | 52 | 52 | 52 |
| Wastewater | | | | | | | | | | |
| Sanitary sewers (miles) | 624 | 624 | 628 | 643 | 725 | 636.82 | 658 | 629 | 651 | 654 |
| Number of lift stations | 18 | 21 | 21 | 21 | 22 | 22 | 29 | 22 | 22 | 22 |
| Number of disposal plants | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Treatment capacity | | | | | | | | | | |
| (thousands of gallons) | 21 | 21 | 21 | 21 | 21 | 21 | 21 | 21 | 21 | 21 |
| Transit | | | | | | | | | | |
| Minibuses | 11 | 11 | 11 | 10 | 10 | 8 | 8 | 8 | 8 | 8 |

Source: Various City departments

**City of Longview
Governmental Activities Tax Revenues By Source
Last Ten Fiscal Years**

Table 19

| Fiscal Year | Property Tax | Sales Tax | Franchise Tax | Other | Total |
|----------------|-----------------|--------------|------------------|-----------|------------|
| 2008 | 22,703,305 | 23,423,732 | 6,064,237 | 1,786,966 | 53,978,240 |
| 2009 | 24,631,563 | 23,894,746 | 5,555,973 | 1,708,834 | 55,791,116 |
| 2010 | 26,076,326 | 23,155,083 | 5,673,335 | 1,629,808 | 56,534,552 |
| 2011 | 24,878,943 | 25,605,652 | 5,891,397 | 1,675,448 | 58,051,440 |
| 2012 | 26,463,213 | 24,922,597 | 5,316,765 | 2,201,424 | 58,903,999 |
| 2013 | 27,074,366 | 26,398,630 | 5,562,605 | 2,307,403 | 61,343,004 |
| 2014 | 27,235,966 | 27,081,436 | 5,859,967 | 2,331,543 | 62,508,912 |
| 2015 | 28,070,142 | 25,934,933 | 5,733,174 | 2,529,276 | 62,267,525 |
| 2016 | 28,810,561 | 24,814,607 | 5,446,446 | 2,270,164 | 61,341,778 |
| 2017 | 28,726,644 | 24,565,506 | 5,431,535 | 2,426,517 | 61,150,202 |

Sources: City of Longview Finance Department

**GOVERNMENTAL
COMPLIANCE SECTION**

(This page intentionally left blank)



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Honorable Mayor and
Members of the City Council
City of Longview, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Longview, Texas, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City of Longview, Texas' basic financial statements, and have issued our report thereon dated March 1, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Longview, Texas' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Longview, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Longview, Texas' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses or significant deficiencies. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Longview, Texas' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Henry & Peters, PC

Longview, Texas
March 1, 2018



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND THE STATE OF TEXAS UNIFORM GRANT MANAGEMENT STANDARDS

To the Honorable Mayor and
Members of the City Council
City of Longview, Texas

Report on Compliance for Each Major Federal and State Program

We have audited the City of Longview, Texas' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the State of Texas *Uniform Grant Management Standards* (UGMS) that could have a direct and material effect on each of the City of Longview, Texas' major federal and state programs for the year ended September 30, 2017. City of Longview, Texas' major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Longview, Texas' major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State of Texas UGMS. Those standards, the Uniform Guidance, and the State of Texas UGMS require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the City of Longview, Texas' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the City of Longview, Texas' compliance.

Opinion on Each Major Federal and State Program

In our opinion, the City of Longview, Texas, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended September 30, 2017.

Report on Internal Control Over Compliance

Management of the City of Longview, Texas is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Longview, Texas' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and State of Texas UGMS, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Longview, Texas' internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses or significant deficiencies. However, material weaknesses or significant deficiencies may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and State of Texas UGMS. Accordingly, this report is not suitable for any other purpose.

Henry E. Peters, PC

Longview, Texas
March 1, 2018

CITY OF LONGVIEW, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

| Federal and State Grantor/ Pass-Through Grantor/Program Title | Federal CFDA Number | Pass-Through Entity Identifying Number | Total Federal Expenditures | Expenditures to Subrecipients |
|---|---------------------------|--|----------------------------------|-------------------------------------|
| FEDERAL AWARDS | | | | |
| <u>U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u> | | | | |
| Direct Program: | | | | |
| Community Development Block Grants/ Entitlement Grants* | 14.218 | B-16-MC-48-0032 | \$ 623,574 | \$ 193,903 |
| Section 8 Housing Choice Vouchers** | + 14.871 | TX459VO | 6,164,549 | - |
| Family Self-Sufficiency Program | 14.896 | TX453FSH612A016 | 36,756 | - |
| HOME Investment Partnerships Program | 14.239 | M16-MC480227 | 204,245 | - |
| Shelter Plus Care | 14.238 | TX0157L6T071508 | 333,461 | - |
| Total U. S. Department of Housing and Urban Development | | | <u>7,362,585</u> | <u>193,903</u> |
| <u>U. S. DEPARTMENT OF JUSTICE</u> | | | | |
| Direct Program: | | | | |
| Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | 2015-DJ-BX-0928 2016-DJ-BX-0711 | 46,735 | - |
| Bulletproof Vest Partnership Program | 16.607 | N/A | 20,100 | - |
| Juvenile Justice and Delinquency Prevention - Allocation to States | 16.540 | 2016-JF-FX-0008 | 30,500 | - |
| Victims of Crime Act Formula Grant Program | 16.575 | 2016-VA-0033 | 24,270 | - |
| Total direct programs | | | <u>121,605</u> | <u>-</u> |
| Pass-Through Texas Office of the Governor, Criminal Justice Division: Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | 2013-DJ-BX-0016 | 23,979 | - |
| Pass-Through City of Dallas, Texas: Missing Children's Assistance | 16.543 | 2016-MC-FX-K034 2013-MC-FX-K036 | 11,937 | - |
| Total pass-through programs | | | <u>35,916</u> | <u>-</u> |
| Total U. S. Department of Justice | | | <u>157,521</u> | <u>-</u> |
| <u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u> | | | | |
| Pass-Through Texas Department of State Health Services: Block Grant for Treatment of Substance Abuse | 93.959 | 2016-047883-001 | 88,146 | - |
| Opioid STR | 93.788 | 2016-047883-001 2016-047883-002A | 6,659 | - |
| Total U.S Department of Health and Human Services | | | <u>94,805</u> | <u>-</u> |

**CITY OF LONGVIEW, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017
(CONTINUED)**

| Federal and State Grantor/ Pass-Through Grantor/Program Title | Federal CFDA Number | Pass-Through Entity Identifying Number | Total Federal Expenditures | Expenditures to Subrecipients |
|---|---------------------------|--|----------------------------------|-------------------------------------|
| FEDERAL AWARDS (CONTINUED) | | | | |
| <u>U. S. DEPARTMENT OF TRANSPORTATION</u> | | | | |
| Direct Program: | | | | |
| Federal Transit Formula Grants*** | 20.507 | TX-90-0140-00 TX-90-4140-00 TX-90-2140-00 TX-90-8140-00 01-TX90Y171-117-A2 02-TX90Y171-117-A5 02-TX90Y171-111-A4 01-TX90Y171-300-A3 02-TX90Y171-442-A1 01-TX90Y198-117-A3 | 1,256,709 | - |
| Total direct programs | | | 1,256,709 | - |
| Pass-Through Texas Department of Transportation: Bus and Bus Facilities Program*** | 20.526 | TXDOT-VCR 1605 (19) 18 | 96,569 | - |
| State and Community Highway Safety - STEP**** | 20.600 | 2017-LONGVIPD-S-1YG-0031 | 58,849 | - |
| Metropolitan Planning Organization | 20.225 | 50217112470 | 335,400 | - |
| Inter City Bus Funds | 20.509 | ICB 1703 (19) 013_16 | 29,679 | - |
| Total pass-through programs | | | 520,497 | - |
| Total U. S. Department of Transportation | | | 1,777,206 | - |
| Total Expenditures of Federal Awards | | | <u>\$ 9,392,117</u> | <u>\$ 193,903</u> |
| | | | Total Federal Expenditures | Expenditures to Subrecipients |
| <u>Cluster Title</u> | | | \$ 623,574 | \$ 193,903 |
| *CDBG Entitlement Grants Cluster | | | 6,164,549 | - |
| **Housing Voucher Cluster | | | 1,353,278 | - |
| ***Federal Transit Cluster | | | 58,849 | - |
| ****Highway Safety Cluster | | | | |
| Total Cluster - Federal Awards | | | <u>\$ 8,200,250</u> | <u>\$ 193,903</u> |

**CITY OF LONGVIEW, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017
(CONTINUED)**

| Federal and State Grantor/ Pass-Through Grantor/Program Title | Federal CFDA Number | Pass-Through Entity Identifying Number | Total Federal Expenditures | Expenditures to Subrecipients |
|---|---------------------------|--|----------------------------------|-------------------------------------|
| STATE AWARDS | | | | |
| <u>TEXAS DEPARTMENT OF TRANSPORTATION</u> | | | | |
| Direct Program: | | | | |
| Public Transportation-State Funds | State | TXDOT-URB 1701 (19) | \$ 274,635 | \$ - |
| Total Texas Department of Transportation | | | 274,635 | - |
| <u>TEXAS COMPTROLLER OF PUBLIC ACCOUNTS</u> | | | | |
| Direct Program: | | | | |
| Law Enforcement Officer Standards and Education (LEOSE) | State | 902 | 17,799 | - |
| Total Texas Comptroller of Public Accounts | | | 17,799 | - |
| <u>OFFICE OF THE ATTORNEY GENERAL</u> | | | | |
| Direct Program: | | | | |
| Sexual Assault Nurse Exam (SANE) | State | 302 | 20,980 | - |
| Total Office of the Attorney General | | | 20,980 | - |
| <u>TEXAS DEPARTMENT OF STATE HEALTH SERVICES</u> | | | | |
| Direct Program: | | | | |
| Block Grant for Treatment of Substance Abuse | State | 2016-047883-001 2016-047883-002 | 15,912 | - |
| Pass-Through Texas State University: Tobacco Enforcement Program | State | N/A | 3,081 | - |
| Total Texas Department of State Health Services | | | 18,993 | - |
| <u>TEXAS COMMISSION ON ENVIRONMENTAL QUALITY</u> | | | | |
| Pass-Through East Texas Council of Governments: Regional Solid Waste Program | | | | |
| | State | 16-06-G08 16-06-G14 | 14,262 | - |
| Total Texas Commission on Environmental Quality | | | 14,262 | - |
| <u>TEXAS PARKS AND WILDLIFE</u> | | | | |
| Direct Program: | | | | |
| Longview The Green | + State | 50-000465 | 324,737 | - |
| Total Texas Parks and Wildlife | | | 324,737 | - |
| <u>OFFICE OF THE GOVERNOR - CRIMINAL JUSTICE DIVISION</u> | | | | |
| Direct Program: | | | | |
| Body-Worn Cameras 2016 | State | 2016-BC-ST-0020 | 63,137 | - |
| Total Office of the Governor - Criminal Justice Division | | | 63,137 | - |
| <u>Texas A&M Engineering Extension Service (TEEX)</u> | | | | |
| Pass-Through Texas Task Force | | | | |
| Hurricane Harvey | State | 471090-100084-5474 | 103,869 | - |
| Hurricane Maria | State | 478090-100039-5474 | 10,103 | - |
| Del Rio | State | 47190-100085-5474 | 19,076 | - |
| Total Texas Task Force | | | 133,048 | - |
| <u>TEXAS DEPARTMENT OF PUBLIC SAFETY</u> | | | | |
| Pass-Through Texas Division of Emergency Management (TDEM) | | | | |
| Hurricane Harvey | State | 17-0021 Harvey 2017 | 8,283 | - |
| Pass-Through Texas Emergency Management Team (TEMAT) | | | | |
| Hurricane Harvey | State | 17-0021 Harvey 2017 | 83,710 | - |
| Total Texas Department of Public Safety | | | 91,993 | - |
| Total Expenditures of State Awards | | | \$ 959,584 | \$ - |
| Total Expenditures of Federal and State Awards | | | \$ 10,351,700 | \$ 193,903 |

+ Denotes Major Program

CITY OF LONGVIEW, TEXAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards (Schedule) presents the activity of all applicable federal and financial assistance programs of the City of Longview (City). The reporting entity is defined in Note 1 to the City's financial statements. Federal and state financial assistance received directly from federal and state agencies as well as federal financial assistance passed through other government agencies is included on the schedule.

Federal and state awards are organized by the City of Longview on the basis of funds, each of which is considered a separate accounting entity. The City has created several types of funds and a number of discrete funds within each fund type.

Special Revenue Funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. All federal grant funds were accounted for in the Special Revenue Fund, a component of the Governmental Fund Type.

Governmental funds use the modified accrual basis of accounting. Under this method, revenue is recognized in the accounting period in which it becomes both available and measurable. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

Federal and state grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and accordingly, when such funds are received, they are recorded as deferred inflows of resources until earned.

The accompanying Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the activities of the City, it is not intended to and does not present the basic financial statements of the City.

NOTE 2 – INDIRECT COST RATE

For indirect costs, the amounts expended are claimed as an indirect cost recovery using an approved cost allocation plan. The City has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**CITY OF LONGVIEW, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

Section I - Summary of Auditor's Results

Financial Statements

| | |
|---|--------------------------------|
| Type of auditors' report issued: | <u>Unmodified</u> |
| Internal control over financial reporting: | |
| Material weakness(es) identified? | ___ Yes <u>X</u> No |
| Significant deficiency(ies) identified that are not considered to be material weaknesses? | ___ Yes <u>X</u> None reported |
| Noncompliance material to financial statements noted? | ___ Yes <u>X</u> No |

Federal and State Awards

| | |
|---|--------------------------------|
| Internal Control over major programs: | |
| Material weakness(es) identified? | ___ Yes <u>X</u> No |
| Significant deficiency(ies) identified that are not considered to be material weaknesses? | ___ Yes <u>X</u> None reported |
| Type of auditor's report issued on compliance for major programs: | <u>Unmodified</u> |

| | |
|--|---------------------|
| Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? | ___ Yes <u>X</u> No |
|--|---------------------|

Identification of major programs:

| <u>CFDA Numbers</u> | <u>Name of Major Programs:</u> |
|---------------------|-----------------------------------|
| 14.871 | Section 8 Housing Choice Vouchers |
| State | Longview The Green |

| | |
|--|------------------------|
| Dollar threshold used to distinguish between Type A and Type B programs: | \$ 750,000 |
| Auditee qualified as low-risk auditee? | <u>X</u> Yes ___ No |

Section II - Findings Required to be Reported by *Government Auditing Standards*

No matters requiring reporting were noted.

Section III - Findings Required to be Reported by the Uniform Guidance

No matters requiring reporting were noted.